UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE PRICE SITUATION, JANUARY, 1929

FARM PRICES

The index of farm prices of December 15 remained unchanged at 134 or four points lower than a year ago. On the whole prices of individual commodities changed very little, the noticeable advances being registered by oats, hay, apples and eggs, which were entirely offset by weaker livestock prices. Grains and fruit and vegetable prices are responsible for the general average remaining below that of last year. For the next few months seasonally firmer prices of some of the important agricultural products are likely to raise the general average of farm prices somewhat above the December level.

THE GENERAL COMMODITY PRICE LEVEL

Wholesale market prices have continued the declines which set in during the last part of September. The weekly Annalist index has declined from 153.5 during the second week of September to 147.2 the last week in November and after a very brief recovery, declined again to 147.4 on December 31. This level is approximately half way between the low level reached in the spring of 1927 and the peak in September, 1928. During December textile and metal products were again somewhat higher, fuel and chemical prices a shade lower, and agricultural prices sufficiently lower to offset the firmer non-agricultural prices.

BUSINESS CONDITIONS

The general level of business activity during December appears to have remained unchanged from that of November. Production in basic industries, railroad traffic, employment and factory payrolls remained somewhat under the peak reached in October, but considerably above the moderately depressed conditions of December, 1927. The year 1928 appears to have ended in the advancing phase of the business cycle, with general expectations that during the next few months business activity will either remain at its present level or advance somewhat further. The chief concern in these prospects is the rapid advance in interest rates during the summer months of 1928, occasioned not by business demand so much as by the outflow of gold, and although they were somewhat lower during November and December than in October, they are still high enough to raise the question of their possible effect on the future course of the business cycle. So far they appear to have had little effect on industrial production. The chief trends are continued strength in the iron and steel industry and preparations for expansion in automobile production, but a slowing down in building activity, as measured by contracts awarded during November and December, to a level

below that of 1927. The buying power of consumers, as reflected in retail trade during December, was somewhat above that of December, 1927, but that improvement appeared only in the three Federal Reserve districts of New York, Chicago and San Francisco. In the speculative market, prices of industrial stocks declined considerably during December but quickly recovered to new high levels by the end of December and the first ten days in January.

WHEAT

Cash wheat prices were mostly a little lower in December than in November, though the average farm price as of the middle of the month was 98.2 cents per bushel in December as against 97.1 cents the previous month. The average market price of all classes and grades was 107 cents per bushel in December - a figure two cents lower than in November and the same as in October. Prices were highest early in the month, averaging 108.6 cents per bushel the week ended December 7, while the next two weeks they were at about the month's average, being 106.7 and 107.5 cents per bushel. The last week of December and the first week of January there were further declines, the average of all classes and grades being 106.5 and 105.5 cents per bushel respectively for these weeks. The decline was followed by a sharp upswing during the second week of January.

The decline during December was greatest in the price of soft red winter wheat, the average price of all grades dropping from 133.1 cents per bushel for the week ended December 7 to 118.9 cents for the week ended December 28, but the recovery was earlier and more marked for the week ended January 4 the price being 126.4 cents per bushel. Of the other classes of wheat, hard winter showed the greatest weakness, declining from 110.6 cents per bushel for the week ending December 7 to 103 cents for the week ending January 4. Hard spring wheat, which was 115.1 cents per bushel the first week of December, was 3 cents lower the last week of the month, but the week ended January 4 had risen to 113.1 cents, thus regaining its level of the middle of November. Protein premiums during December were about the same as in November, but they showed a tendency to rise early in January.

The course of wheat prices since the middle of August bears striking resemblance to the corresponding period of the crop year 1923-24. Hard winter wheat, hard spring wheat, and durum wheat prices have not only been at about the same levels as for the crop of 1923, but the course of prices to date has been much the same for this year. Soft r winter wheat, on the other hand, has been about 30 cents per bushel higher than in 1923-24 due to the smaller production of this class. Amber durum prices have been erratic this season and have been relatively higher than the other sub-classes of durum wheat because of the small amount of the crop which grades amber durum.

The supply situation this year is like that of 1923-24 in many respects. The world crop (exclusive of Russia and China) of 3,730 million bushels this year is of about the same size relative to consumption requirements now as was the 1923-24 crop of 3,511 million bushels to the consumption requirements of five years ago. The Southern Hemisphere crop was large in both years, the 373 million bushel crop of Argentina and Australia being as large for that time as a 400 million bushel crop would be for this year. The chief points of difference affecting the domestic situation are three. First, the United States has a much smaller crop of soft wheat this year and prices for it are higher. Second, the increase of the world crop this year over the preceding year is about 185 million bushels, while the increase of the 1923-24 crop over the previous year is estimated at 326 million bushels. Third, the United States crop comprises a larger part of the world production this year than it did in 1923-24, being estimated at 904 million bushels this year as against 797 million in 1923. The larger crop in the United States this year, together with the location of the crop, has resulted in the visible supply mounting to unusual heights, and it should be borne in mind, that this does not indicate that the world supply situation is essentially different than in 1923 in regard to its most significant features.

In the late winter of 1923-24 the hard winter and hard spring wheats rose to levels which were relatively high for that season. Conditions seem favorable for similar improvements in prices at some time during the next two months. The course of prices for the remainder of the year, however, will be largely dependent upon the outturn of the Argentine crop and upon the progress of winter wheat in the United States. The Argentine crop is now thought to be larger than appeared likely earlier in the season, but the absence of official estimates continues to make the situation very uncertain.

CORN

Corn prices have been well maintained during the past four weeks. At Chicago, No. 3 yellow corn averaged 83 cents per bushel during December and the average price for the week ended January 4 was 84 cents per bushel. This compares with an average of 83 cents for the month of November. The average farm price for the country as of the middle of the month was 76 cents in December as against 75 cents per bushel the preceding month. From day to day there have been rather large fluctuations especially during the past two weeks, but the weekly average prices have been fairly steady. For the week ended December 7, the average price of No. 3 yellow at Chicago was 83 cents per bushel. For the four following weeks, the averages were 82, 83, 85, and 84 cents respectively, the last figure being for the week ended January 4. For the week ended January 11, however, prices were considerably higher. Prices at other markets have moved much the same, except that during December there was a slight downward tendency at Kansas City in place of the slight upward movement at Chicago and St. Louis.

There has been little news of significance with regard to the supply situation during the past month. The December estimate of production for 1928 was revised downward slightly to 2,840 million bushels, as compared with the revised estimate of 2,763 million bushels for 1927, making total supplies as of November 1 for 1928, 2,896 million bushels, as compared with 2,898 million bushels on November 1 of 1927. Receipts at 13 primary markets from November 1 to January 8 have been 78.9 million bushels against 59.6 million for the corresponding period a year ago. From November 3 to January 5 commercial stocks have increased 18.9 million bushels as compared with an increase of 6.7 million in the corresponding period of last year, but stocks are still about nine million bushels less than they were a year ago. The very heavy movement of hogs to market during the past two months suggests that more of the new corn crop may have been fed, up to this time, than was previously expected. If such is the case corn receipts will probably be smaller and the market will be stronger than has been anticipated. It may be, however, that the heavy movement of hogs during the past two months indicates early marketing rather than unexpectedly large numbers of hogs to which new corn has been fed.

The demand for corn at terminal markets continues to be strong. Exports from November 1 to January 5 were 9,594,000 bushels, as compared with 1,936,000 bushels in the corresponding period last season, and the total of 20,556,000 bushels for the crop year November, 1927 to October, 1928. Shipments of corn from the principal exporting countries since November 1 have been 52 million bushels this year against 64 million bushels last year and with Argentine corn for early delivery quoted at 98 cents per bushel on January 8 it appears likely that Europe in order to supplement her short corn crop will continue during the next two or three months to take more corn from the United States than last season.

For the next few months developments in the corn price situation will depend largely upon the disposition of farm supplies and upon the outturn of the Argentine corn crop. There will be little definite information on the former until estimates of farm stocks as of March 1 are available. Uncertainty concerning the outturn of the Argentine crop will probably continue until about the same time. Meanwhile prices are likely to fluctuate considerably upon current trade reports concerning both of these factors. At this time there is nothing to indicate either a marked upward or downward trend in prices for the next few months, and prices are expected to fluctuate at about present levels until some more definite news is available. Unless supplies of corn now available in the corn belt are as small as they were a year ago, it is not expected that corn prices will move rapidly upward during the next three months as they did during the corresponding months of last season.

COTTON

Cotton prices were about steady during December but during the first week in January fell to a point almost 1 cent per pound below the peak attained in the last week of November. For the month of December the price of middling spot cotton at the 10 designated markets averaged 19.07 cents per pound compared with 18.70 cents in November and 18.99 cents in December, 1927. The price received by producers averaged 18.0 cents per pound in December, 17.8 cents in November, and 18.7 cents in December, 1927.

The apparent supply of American cotton remaining in the United States on January 1 was 9.3 million bales compared with 9.9 million on January 1, 1928. The Commercial and Financial Chronicle reports stocks in European ports on January 4 to be essentially the same as last year at 1.7 million bales. There were also reported to be 613thousand bales afloat, compared with 444 thousand bales on January 4, 1928.

Exports continue far in advance of last year, being exceeded since the war only by those of 1926-27 when the prices were extremely low. Exports were 1,058 thousand bales for December and 1,428 thousand for November this season compared with 745 thousand in December and 984 thousand in November last season. Exports from August 1 to December 31 were 4.8 million bales compared with 3.8 million bales during the corresponding period of the previous season.

The cotton textile industry in Europe continues to show improvement after the recession of last spring and summer. The weakness in raw cotton prices since the end of November appears to have caused some holding off in mill purchases and has affected the yarn market somewhat.

Domestic consumption was lower for the month, being 534 thousand bales for December and 611 thousand for November, compared with 539 bales in December and 626 thousand bales in November of the previous year. For the period August 1 to December 31, 1928 the domestic consumption has been 2.8 million bales compared with 3 million bales during the similar period in 1927.

Textile production continued at a high rate according to the report of the Association of Cotton Textile Manufacturers averaged 69.8 thousand yards for the four weeks of December compared with 68.4 thousand yards for the five weeks of November. Stocks at the end of December were 392 thousand yards which constituted an increase of 3 thousand yards over those at the end of November, but a decrease of 25 thousand yards under those at the end of September. Unfilled orders were 469 thousand yards at the end of December.

WOOL

Prices of domestic wools at Boston showed very few changes in December and sales were generally for small quantities. The average price received by producers in the United States on December 15 was 35.6 cents as compared with 35.9 cents on November 15 and 32.0 cents on December 15, 1927.

Latest available data show a continuance of very small imports and a consumption in moderate volume. The total imports of combing and clothing wool during November were 2,970,000 pounds as compared with 5,095,000 pounds in November, 1927, and an average for November 1923-27 of 6,461,000 pounds. Imports for the 11 months, January-November, were 84.4 million pounds and 113.3million for the same period last year.

Consumption of combing and clothing wool by reporting mills amounted to 36,345,000 pounds (grease equivalent) in November, 33,900,000 pounds in November last year, and an average of 35,295,000 pounds for November 1924-27.

Business in wool manufactures at Bradford was very quiet during December and slight reductions were made in the price of practically all merino and crossbred tops, according to Consul Thompson. The wool manufacturing industry on the European continent has been generally active the past month, states Agricultural Commissioner Steere at Berlin. The improvement noted in the German wool industry in November has been maintained, and the raw wool market at Bremen has been very active.

Stocks of raw wool in foreign primary markets at the end of November were above those of a year ago. Reports continue to indicate an increased clip in the important producing countries abroad. Although conditions appear firm, the increased supply and the large differential between foreign and domestic prices make the prospects for materially higher prices doubtful.

CATTLE

The price of the better grades of slaughter cattle were weak and declining during December while the price of the lower grades remained fairly steady in line with usual seasonal tendencies. Prices of stocker and feeder cattle also declined somewhat The average price of choice beef steers at Chicago declined about $1.40 and of good beef steers about $1.00 during the month. The general average price of beef steers at Chicago in December was below the December price of 1927 - this being the first month in over a year when this average price was below the same month of the previous year.

Receipts of cattle at 7 leading markets were about 7 per cent smaller in December 1928 than in December 1927. Because of the sharp falling off of feeder cattle shipments in December this year compared

to December 1927 the indicated inspected slaughter for December 1928 was about as large as for December 1927. Receipts of good and choice steers at Chicago in December 1928 were over 30 per cent larger than in December 1927.

The number of cattle on feed for market in the Corn Belt was about 3 per cent more on January 1, 1929 than on January 1, 1928 according to the feeding estimate of the Department. While total slaughter of cattle during the next few months will probable be no larger than for these months a year ago, the supply of grain finished cattle will probable be larger. The usual seasonal price decline on better grade beef cattle from January to May seems probable for this year.

LAMBS

The lamb market, which had been generally weak for several months, had a sharp upward reaction after the middle of December that carried prices by the end of the first week in January to the highest level since last June. The top price on lambs, that had been around $14.00 early in December, reached $17.00 the first week in January. The advance on lower grade lambs was even larger.

The weekly receipts of sheep at 7 leading markets in December were about the same as for similar weeks in December, 1927 until the last week of the month when there was a sharp dropping off. Total receipts for the month were about 2 per cent smaller than in December, 1927.

The number of lambs on feed for market January 1, 1929 was about per cent larger than on January 1, 1928. Prices early in January this year were nearly $3.00 a hundred above prices on January 1, 1928. With supplies for the next few months above last year, no such advance in prices as took place a year ago from January to May can be expected this year.

HOGS

Hog prices apparently reached the low point of the winter season the week ending December 15 when the average cost of packer and shipper droves at Chicago got down to $8.50. Prices have since been gradually moving upward, and average cost for the week ending January 12 was about $9.00.

Prices fell from the unexpectedly high price of mid-September to a point in December lower than was anticipated earlier. The decline amounted to $4.00 or 32 per cent, whereas the average fall decline in the previous 27 years amounts to about 22 per cent, and in only four of these years has it exceeded 30 per cent. The unusually marked price advance in the early fall, and the severity of the subsequent decline, apparently were due to producers holding back hogs which ordinarily would have come to market in the early fall for fattening on new corn, and to a tendency to market hogs earlier this winter than last.

Last winter marketings were delayed and supplies were moderate until January when they became very large. February and March established new slaughter records and in consequence prices at Chicago were held down to the $8.00 level until the beginning of April.

This season October inspected slaughter showed an increase of 25 per cent and November 21 per cent over the corresponding months of 1927. December reports are expected to show an increase of 20 per cent or more. In other words approximately 2½ million more hogs were slaughtered in the last quarter of 1928, than in the last quarter of the previous year. Average weights were heavier than in 1927 and this is interpreted to mean that because of the scarcity and high price of corn last summer many producers carried hogs on grass which ordinarily would have been sent to market and later these hogs were finished out as quickly as possible on new crop corn and sent to market in the late fall. Reports also indicate that because of the larger crop and generally high quality of corn raised in 1928 as compared with that of 1927 producers generally have been more liberal with their feed and have made their hogs ready for market earlier than usual. In some instances hogs were marketed early in order to pay off bank loans incurred last winter to buy feed as a result of the short corn crop in 1927. Some producers who marketed early no doubt had in mind the low prices which prevailed late last winter and were afraid that similar conditions might prevail again this season.

Notwithstanding increased supplies this winter prices of hogs since December 1 have averaged slightly higher than a year ago. Pork product prices are at about last year's levels. Stocks of pork in storage on January 1 were 16 per cent greater than last year and those of lard 54 per cent larger.

The 1928 spring pig survey indicated a decrease of about 7 per cent in the pig crop which is now coming to market. Total winter marketings however will probably not show as much reduction as this. Since marketings to date have exceeded those of a year ago by approximately 2½ million head or more than 20 per cent the situation indicates that marketings during the remainder of the winter season will be less than last winter and that prices are likely to make at least a normal seasonal rise as supplies fall off.

BUTTER

The price of 92 score butter in New York broke sharply on December 11 from a price of 52 cents. The price reached the low of the month at 48½ cents on December 28. There was a slight recovery early in January. The December price averaged 50.5 cents compared with 51.9 cents in December 1927 and 51.2 cents for the five year average. Prices received by producers for butterfat on December 15 averaged 49.2 cents per pound compared with 47.8 cents in December 1927 and 46.7 cents for the five year average. The price to producers for butter on December 15 averaged 46.3 cents compared with 45.7 cents for December 15, 1927 and 45.0 cents for the five year average.

Production continues to run heavier than last year in the principal butter producing sections. There has been no material change in the prices of hay and feed grains which continue favorable to heavy production. The present outlook is for a somewhat heavier production during January and February of 1929 than for corresponding months of 1928. Receipts at the four principal markets were 41,045,948 pounds in December as compared with 38,631,538 pounds last year.

Storage holdings are still below those of last year, amounting to 43,786,000 pounds on January 1, as compared with 70,985,000 pounds on January 1, 1928.

Foreign butter prices are now declining from their unusually high December peak somewhat more rapidly than domestic prices. The Copenhagen official quotation which was equivalent on December 13 to 44.2 cents had declined by January 10 to 39.6 cents. The price of 92 score butter at New York in the same time has declined from 50½ cents to 47½ cents, and the price margin in favor of New York has again widened from 6 cents to 8 cents. The course of London prices from now on is chiefly dependent upon the volume of supplies arriving and in prospect from countries of the Southern Hemisphere. Shipments afloat as of January 1 from New Zealand, Australia and Argentina were the heaviest in total volume since the 1925-26 season, amounting to 44,800,000 pounds as compared with 43,008,000 pounds on December 31, 1927; 31,080,000 pounds on January 1, 1927; and 33,264,000 pounds on January 9, 1926. The early shift this season to cheese production in New Zealand together with light stocks from the output of the past European season is contributing to the postponement of any substantial diversion of butter to the United States markets to date.

There is little prospect of butter prices rising above the levels of early January. Domestic and foreign production are running above that of last year, and stocks afloat are greater than for the corresponding period of last year. The general trend in prices the next two months will probably be downward. Prices this January will probably average somewhat lower than those of last January and prices in February about the same as those of last February. There is nothing in the situation, however, to warrant any sharp breaks in prices, and if any occur, a subsequent recovery may be expected.

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FARM PRICES

The index of farm prices on January 15 at 133 was one point lower than that of December and four points lower than that of a year ago. Higher prices of corn, flax, apples, hogs, sheep and lambs were more than offset by a drop in egg prices somewhat more than usual and by a seasonal decline in butter prices.

THE GENERAL COMMODITY PRICE LEVEL

The general average of wholesale market prices for January, 1929, was somewhat lower than for December, 1928, and continued to decline during the first week in February. On February 5, the Annalist weekly index averaged 146.6 compared with 153 during September, which month marked the beginning of the recent continued decline. Most of this decline appears in prices of farm and food products. Textile and fuel prices which had been advancing slightly during this period of declining agricultural prices showed some weakness during January, but metal prices advanced somewhat, and reflect the unusual activity in the basic industries, automobiles and iron and steel, which are the chief strong elements in the present business situation.

BUSINESS CONDITIONS

The general business situation during January appears to have been maintained at approximately the December level. Active production of automobiles and iron and steel tended to offset reduced activity in other lines, particularly in building operations. Interest rates continued firm during January and speculative activity again brought industrial stock prices to new peaks, which called forth an official warning against the further expansion in bank credit for speculative uses. The probable effect of banking policy on speculative activity and the prospects of continued firm interest rates, continue to be outstanding factors of concern in the immediate outlook for business activity, and for the domestic demand for farm products.

WHEAT

Wheat prices averaged higher in January than in December, though there was little change in the farm price which is reported for the middle of the month. The average farm price of January 15 was 98.5 cents per bushel as compared with 98.2 cents in December. The average market price of all classes and grades at six markets in January was 114 cents per bushel, which was seven cents above the average of the previous month. The rise of prices during January was rapid and continued well into the latter part of the month, and though there was a slight recession from the peak, prices have been well maintained. From a low point of 105 cents per bushel for the week ended January 4, all classes and grades rose to 118 cents for the week ended January 25 and for the two following weeks stood at 117 cents per bushel. The prices for the past three weeks have been above any reached since early August.

The January advance was shared by each of the classes of wheat. No. 2 hard winter at Kansas City rose from an average of 108 cents per bushel for the week ended January 4 to 119 cents per bushel for the week ended January 25, and the next two weeks declined slightly to 117 cents. No. 1 dark northern spring at Minneapolis advanced from 120 cents per bushel for the week ended December 28 to 132 cents per bushel for the week ended January 25; was only one cent lower the following week, and then rose to 134 cents the week ended February 8. No. 2 red winter at St. Louis, which was at almost its lowest point of the season at 135 cents per bushel for the week ended January 4, rose to 144 cents per bushel the week ended February 1, but was five cents lower the following week. On the average all grades of durum have risen about 15 cents per bushel since the latter part of December. Protein premiums on spring wheat have fluctuated considerably, but were at about the same levels in January as in December. Protein premiums on winter wheat were somewhat lower than in December.

There has been little change in the supply situation for the 1928 crop. The Canadian estimate for 1928 has been increased by 33 million bushels to 534 million, but the 1927 estimate has been increased nearly 40 million bushels to 480 million. This makes the estimated increase of the 1928 crop over that of 1927 less than it was before the revision.

Receipts at primary markets during January were somewhat below last year's figure, being 21 million bushels at 13 markets, as compared with 22 million in January of 1928 and 32 million in December of 1928. Commercial stocks of domestic wheat in store have been declining since the end of December and for the week ended February 9 stood 127 million bushels -- the lowest figure since early October. World shipments since July 1 from the principal exporting countries continue ahead of last year's figures, shipments up to February 2, 1929, being about 90 million bushels in excess of those of the previous year.

The wheat market during the next few months will be influenced very largely by prospects for the 1929 crop, together with evidences of the rate of absorption of the 1928 crop. Fall sown wheat in both the United States

and Europe has met with adverse weather conditions this winter, but it is still too early to know how great abandonment will result. The outturn of the Argentine crop and shipments from Canada following the opening of navigation on the Great Lakes may also influence prices in the United States.

It appears likely that damage to winter wheat has been severe. If, when the spring growing season begins, it develops that damage actually has been great, prices may be expected to be considerably higher before the end of May. In case the winter damage is not severe, however, no such rise in prices as occurred last year is in prospect and there may be some weakening of the market during the next month or two as a result of heavy shipments from Argentina and the anticipation of the opening of navigation on the Great Lakes.

CORN

During January corn prices averaged higher than in December. The average farm price for the United States was 80.2 cents per bushel January 15, as compared with 76.1 cents in December and 75.2 cents in January, 1928. At Chicago, No. 3 yellow corn averaged 93 cents per bushel in January, which was ten cents above the previous month. At Kansas City the increase was eight cents, the January figure being 87 cents per bushel for No. 3 yellow as compared with 79 cents in December.

Most of the rise in the price of cash corn took place about the middle of the month. From an average of 84 cents per bushel the week ended January 4, No. 3 yellow at Chicago advanced to 87 cents the following week and 94 cents the week ended January 18. For both of the next two weeks it averaged 97 cents per bushel, but then dropped to 95 cents the week ended February 8. The course of prices at Kansas City was similar except that the peak of 89 cents per bushel was reached the week ended January 18, and for the week ended February 8 the average was 87 cents.

Receipts at 13 primary markets during January were 40 million bushels as compared with 37 million in January of last year. Receipts for the three months, November through January of this crop year, have been 113 million bushels against 90 million for the corresponding period in 1927-28. Stocks of corn have been increasing rapidly, but despite the heavy receipts commercial stocks are still below those of a year ago, being 30,763,000 bushels at the close of the week ended February 9, 1929, as compared with 40,337,000 bushels on the corresponding date of last year.

The strong foreign demand of this year continued to be evidenced by heavy exports which amounted to 2,018,000 bushels the week ended February 2. This season from November 1 to February 2, there have been exports from the United States of 19,476,000 bushels as compared with 3,656,000 bushels during the corresponding period of last season. The heavy exports have been the result principally of the short crop in Europe. The European crop was 20 per cent smaller than the small crop of 1927. Domestic demand has been well maintained. The rise in prices, which occurred about the middle of January appears to have been occasioned by the reported damage to the Argentine crop by drought. A short crop in Argentina would tend to result in continuing the strong demand for corn from the United States. It would especially help our exports during the late summer and fall. The drought in Argentina has recently been broken but much damage has already been done. The extent of the damage is not yet known.

Corn prices during the spring months will be affected considerably by news of the Argentine crop. With stocks in the Corn Belt on January 1 larger than last year and with fewer hogs to feed, it appears that there is still a heavy movement of corn in prospect as long as prices are satisfactory. Unless the Argentine yield turns out to be considerably smaller than usual, no material advance in prices can be expected during the next two months

HOGS

From the low point recorded in mid-December when the weekly average at Chicago dropped to $8.50, hog prices have advanced each week and the average for the first week in February was $9.78 which was $1.65 higher than a year ago. The average for the month of January was $9.22, or 61 cents higher than that of December and 97 cents higher than that for January 1928.

Receipts of hogs at the seven principal markets during the first three weeks of January were about the same as for the corresponding weeks of the year previous but in subsequent weeks have shown sharp reductions from preceding weeks to levels considerably below those of a year ago. Average weights in these latter weeks also have been slightly below those of a year ago.

Wholesale prices of fresh pork have made some response to the rise in hog prices but prices of cured products have shown a tendency to weaken. This however, is not unusual since changes in prices of cured products generally lag behind changes in hog prices. Stocks of pork in storage on February 1 were 172 million pounds larger than a year ago and those of lard were 58 million pounds larger. This is an increase of 26 per cent for pork and 69 per cent for lard. The peak in storage supplies is likely to come earlier this year than last.

Since hog supplies are expected to show further reductions until the marketing of the fall pig crop gets under way in April a continuation of the present upward movement in prices seems likely until that time.

BEEF CATTLE

Cattle prices have been moving steadily downward since the present seasonal decline got under way last September. Prices of all grades of slaughter steers have declined in about the same proportion and are now about 15 to 18 per cent below their 1928 high points. This represents reductions ranging from $1.70 for common steers to more than $3 for choice and prime grades. Compared with a year ago prices of the best grades are down $2.25 and those of medium and good grades 85¢ to $1.30. Prices of common kinds, however, are the same as a year ago.

Although receipts of cattle at the seven principal markets since the first of the year were about 8 per cent less than a year ago supplies for slaughter apparently showed a market increase due to a reduction of 24 per cent in the number shipped back to the country. Chicago, for instance, showed an increase of 17 per cent over a year ago in number of steers purchased for slaughter and since they averaged 71 pounds heavier this meant an increase of 25 per cent in beef tonnage. A large proportion of the offerings consisted of rough medium weight steers which are in relatively poor demand much of the time. These in general represent short-fed steers as the market has been rather bare of highly finished kinds.

In addition to the larger beef tonnage and the decreased feeder demand the cattle market has been faced with a very sluggish dressed beef trade and lower hide prices. Hide prices are about 45 per cent lower than a year ago. Together with advancing feed prices these conditions tend to discourage those who bought high priced feeder cattle last summer and fall and many no doubt are being influenced to market their cattle now rather than take chances on further price declines. Such a procedure, however, will only serve to further weaken prices although it would hasten the recovery which is expected to follow when the present seasonal decline culminates. Prices of the better grades of steers are not likely to reach their seasonal low point before May or June but prices of the common and medium grades are now probably near this point. Some seasonal strength in the extreme lower grades of cows, due to scarcity, is already indicated and it is very probable that this will extend to the lower grades of steers as the usual seasonal shortage develops during the next few months.

LAMBS

The sharp advance in the lamb market, which carried top prices of slaughter lambs at Chicago from around $14.00 in early December to $17.60 in late January, was checked at a level about the same as that which prevailed during the spring of 1928. The advance in prices of dressed lambs was even more marked, being proportionally greater, and most of it came during the holiday season. The relatively high level reached by dressed lamb prices during the second week in January tended to check the movement of lamb into consumptive channels and when supplies increased at New York in the weeks following, prices of the dressed product declined to levels which stimulated increased buying. While carcass prices declined prices of live lambs held steady, thus establishing a more normal relationship between them.

While receipts of sheep and lambs during January at twelve principal markets showed an increase of about 6 per cent over the same month last year, the supply of lamb for the month, as indicated by reported local slaughter at the same markets and receipts of western

dressed lambs at eastern markets, was possibly slightly less than a year ago. Much of the increase in market receipts was offset by the heavy movement of lambs back to feedlots. During the first five weeks of this year this movement at twelve markets was about 70 per cent greater than during the same period last year. This strong demand for feeding lambs may account in part for the present relatively high level of slaughter lamb prices, but this only amounts to taking them off of the market one month to be added to the slaughter supply a month or two later.

The number of lambs on feed at the beginning of the year is estimated at around 5 per cent greater than at the beginning of 1928, with the possibility of a much greater proportion of western fed lambs being marketed after the first of March than last year. On the other hand, the demand situation for lamb is considerably stronger than a year ago, which may offset much of the effect of any increased marketings during the next few months.

WOOL

Prices of most grades of domestic wools at Boston showed little change during January. A few grades of fine wools were slightly weaker, prices on the longest lengths of 64's, 70's, and 80's, being about a cent less (scoured basis) at the end of the month. The weakness at London and irregular prices in Australia have had a depressing influence on fine domestic wools. The medium grades, of which visible supplies have been restricted, have held fairly firm.

Statistics on consumption and imports for December show a repetition of the situation the previous month, i.e., a moderate volume of consumption and very low imports. The amount of combing and clothing wool consumed by reporting mills in December was 33,101,000 pounds (grease equivalent) as compared with 30,367,000 pounds in December 1927, and 34,522,000 for the average for December 1923-27. Imports of combing and clothing wool in December aggregated 6,701,000 pounds against 6,889,000 pounds in December 1927 and an average of 8,905,000 pounds for December 1923-27.

Stocks of wool tops and noils (exclusive of carpet) held by reporting dealers and manufacturers on December 31, 1928, amounted to 260 million pounds (grease equivalent) as compared with 256 million pounds on December 31, 1927.

Stocks of wool in foreign primary markets continue to show an increase over a year ago. Stocks on hand in both Australia and Buenos Aires, Argentina, at the end of December were higher, being 387 million pounds as compared with 279 million a year ago.

The first series of the London Wool Sales closed January 30 with prices of most grades below the opening rates, according to Agricultural Commissioner Foley. Demand at the Sydney Sales at the end of January was good, but prices declined somewhat, according to the Department of Commerce.

Revised estimates of wool shorn in the United States in 1928 indicate a total of 299 million pounds, which with the pulled wool production make an increase of 5.7 per cent over 1927.

The recent weakness in foreign markets has not yet been reflected by any appreciable decline in prices of domestic wools in this country. If prices in foreign markets continue to decline, it will require a very good domestic demand to maintain the domestic market at its present level.

COTTON

The average price received by producers on January 15, 1929, was 17.9 cents, as compared with 18.0 cents on December 15, 1928, and 18.6 cents on January 15, 1928. At central markets cotton prices during January rose until the middle of the month, then declined with the price

at the end of the month very little different from that at the beginning. The average price of middling cotton at the ten designated markets for January was 18.88 cents, as compared with 19.07 cents in December and 18.44 cents in January, 1928. The price for the first week in February averaged 18.60 cents, as compared with 18.72 cents for the first week in January.

Th apparent supply of American cotton remaining in the United States on February 1 was 7.9 million bales, compared with 8.7 million on February 1, 1928. Stocks of American cotton at European ports and afloat on February 1 were 2.21 million bales, compared with 2.04 million bales a year ago, according to the Commercial and Financial Chronicle. Exports for January were 789,000 running bales (exclusive of linters), as compared with 1,058,000 bales in December and 712,000 bales in January, 1928. Exports for the season to the end of January were 5,577,000 bales this year and 4,496,000 bales last year. Most of this increase has been in the exports to England and Japan.

Domestic consumption of all cotton as reported by the Bureau of the Census, was 668,000 bales for January, 534,000 for December 1928, and 586,000 for January 1928. This makes a total of 3,451,000 bales for the season up to January 31, as compared with 3,627,000 bales for the corresponding period last season.

Activity in the weaving mills showed little change in January, the weekly production of cotton goods averaging 68,561,000 yards, as compared with a weekly average of 69,801,000 yards in December, according to reports received by the Association of Cotton Textile Merchants of New York and the Textile Institute of New York. Stocks declined from 391,743,000 yards to 389,195,000 at the end of January. The ratio of sales to production was 92.5 per cent, as compared with 65.2 per cent in January 1928.

Reports on the cotton textile situation in the most important manufacturing countries on the European Continent since December indicate quietness in the yarn and goods markets, according to Agricultural Commissioner Steere. The situation in general, however, remains favorable in France and Italy, and not unfavorable in Central Europe. Information received from England shows a slow demand for cotton, yarn, and piece goods. Conditions the latter part of January in the Chinese spinning industry continued to indicate a good demand for raw cotton, according to Agricultural Commissioner Nyhus. There were also indications of continued improvement in the Japanese consumption of cotton, as reported by cable by Consul Dickover.

BUTTER

Prices received by producers for butterfat on January 15 averaged 47.6 cents compared with 49.2 in December and 48.5 cents in January, 1928. Prices received by producers for butter averaged 45.3 cents on January 15 compared with 46.3 in December and 45.2 cents in January, 1928. At New York, prices during the first part of January averaged 45.5 cents, but declined to 46.5 cents by January 12 and then advanced to 50 cents at the end of the month. A principal factor in this rise was the extreme cold weather in the principal producing regions which held back shipments.

Production is somewhat heavier than last year. Prices of hay and feed grains have increased slightly in the principal butter producing regions but still remain favorable to heavy production. Continued extreme cold and stormy weather will retard butter production but present prospects are that production will continue heavier than last winter. Receipts at the four principal markets were 50,524,000 pounds in January as compared with 48,750,000 pounds last year.

Storage holdings are below those of last year, amounting to 24,750,000 pounds on February 1, as compared with 28,273,000 pounds on February 1, 1928.

Imports of butter during the winter season to date have been negligible and foreign butter markets continue firm. Present indications are that prices in European markets will be maintained on a sufficiently high level to prevent any important influence on domestic prices during the next month at least. The Copenhagen official quotation averaged 39 cents during January or about nine cents under 92 score in New York, and had risen by February 7 to 40 cents. Although unusually heavy supplies of butter from the Southern Hemisphere have been absorbed by European markets in recent months, such supplies are now being lessened by drought in Australia and the control of shipments from New Zealand, which still continues a heavy output. Total shipments afloat from New Zealand, Australia and Argentina were 28 million pounds on February 2, as compared with 56 million a year ago, and about 25 million in the two preceding seasons. Supplies in foreign markets are not likely to be burdensome, unless German demand should weaken further, and the domestic market is not likely to be affected by foreign competition unless unusual shortage develops.

The general trend of prices during the next two months will probably be downward as usual. It now appears that the average price this February will be slightly above that of February a year ago, but some reduction from the present prices may be expected before the end of the month. Since production is heavier than last year and shipments at the present time are somewhat lighter than a year ago prices in March will probably be below those of a year ago.

UNITED STATES DEPARTMENT OF AGRICULTURE
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THE PRICE SITUATION, MARCH, 1929

FARM PRICES

The general average of prices received by producers was higher in February than in January and approximately at last year's level, the index of farm prices being 136 for February compared with 133 for January and 135 for February 15, 1928. This three point rise in the index was due very largely to an advance between January 15 and February 15 in the farm prices of grains, particularly a six cent advance in wheat prices, and to an advance of 70 cents per hundredweight in the price of hogs. Hay, potatoes, apples, sheep and lambs, horses and chickens also showed moderate advances. Eggs declined somewhat. Since February 15 grain prices, apples, potatoes, wool and eggs have weakened, particularly the latter, but hogs have made another substantial advance and cotton prices advanced about a cent and a quarter.

The general average for March and April is expected to be maintained at its present level or somewhat higher. Last year the index rose from 135 in February to 140 in April and 148 in May due to a rapid advance in grain prices, but such a movement is not in prospect this year.

THE GENERAL COMMODITY PRICE LEVEL

An improvement during the past few weeks in the average of wholesale prices of farm products and of metals has raised slightly the general level of commodity prices. The advance in farm product prices is indicated by a rise in the Annalist index from 144.8 on February 5 to 146.7 on March 5. The all commodity index for the same dates rose from 146.5 to 147.1 which represents the first sustained improvement since the practically continuous decline from last September to February. Food prices were somewhat higher at the end of February than at the beginning but declined during the first week of March. Textile prices have remained practically unchanged during the past four weeks, while fuel prices averaged nearly two points lower on March 5 than on February 5.

The present business situation is likely to operate toward maintaining the present commodity price level while diverse prospective trends among agricultural prices are likely to have a similar influence.

BUSINESS CONDITIONS

Business activity in general during February showed a slight improvement over that of January, as a result of the unusual activity in the automobile and iron and steel industries, which somewhat more than offset the reduced activity in construction work. Car loadings particularly of coal and ore also increased, while the weakness in the building industry was

reflected in reduced shipments of forest products. Retail trade was practically at the same level as a year ago, but only the New York and Chicago districts showed appreciable gains while all the other areas, particularly the agricultural districts of Atlanta and Minneapolis, showed considerable declines. Employment conditions reflected the seasonal improvement usual at this time of year, the volume in February being somewhat higher than in January and higher than the volume of a year ago. The credit situation continued to be the chief element of uncertainty as to how long the present improved business situation is likely to continue. Interest rates were somewhat higher in February than in January. Stock prices declined until the middle of the month but recovered to a new peak by the end of the month. Since than another decline has set in. The effects of the continued high interest rates are so far reflected mainly in the reduced volume of building contracts awarded, the reduction being chiefly in residential construction. A continuation of the present tendencies in business would probably tend to decrease the demand for linseed oil and cause a continued strong industrial demand for cotton and a maintenance of the present level of domestic demand for food products in general.

WHEAT

Wheat prices in February rose to the highest point of the season since the beginning of August, but this rise was checked within the month and prices are now fluctuating near the level of the beginning of February. The average farm price as of February 15 was 104.2 cents per bushel as compared with 98.5 in January. The market price of all classes and grades at six markets in February averaged 118, four cents above the average for January, rising from 117 the first week in the month to 120 the week ending February 22, which is the highest weekly average since the first week of August. In the past two weeks prices have averaged about the same as in the first two weeks of February.

The February rise in wheat prices was realized mostly in the dark northern spring, western white, and hard winter wheats. The average price for No. 1 dark northern spring at Minneapolis rose from 131 the week ending February 1 to 139 the week ending February 22, western white from 118 to 122, and No. 2 hard winter at Kansas City from 117 to 120 cents per bushel. Soft red winter wheat, on the other hand dropped the second week in February and then rose to 145 cents per bushel, or one cent above the average for the first week, and No. 2 durum dropped from 132 to 129 and then rose to only 130. The prices of all these classes of wheat dropped in the last week of February and continued into March on a somewhat lower level. Spring wheat protein premiums have continued to fluctuate considerably and are about the same as in January, while the protein premiums on winter wheat are still lower than in January.

In the past month there have been no definite changes in the estimates of the world's supply of wheat from the 1928 crop which is estimated to be about five per cent greater than the 1927 crop. The size of the Argentine crop is still much in doubt. The trade continues to estimate the crop at around 300,000,000 bushels, whereas weather conditions through the growing and harvesting season, on the basis of estimated acreage, indicate a crop of only about 255,000,000 bushels.

The movement of wheat from surplus to importing countries continues in large volume. Exports of wheat including flour from the United States, July 1 to March 2 totaled only 104 million bushels, 62 millions less than last year. Canada, on the other hand, has shipped overseas about 100 million bushels in excess of the exports in the corresponding period of last year. The Southern Hemisphere has also contributed large quantities. World exports from July 1 to date have totaled nearly 100 million bushels in excess of last year.

The large quantities shipped appear to be going into consumption at a good rate. The flour trade in the Orient is reported to be quite active. India is taking some wheat. In Europe, notwithstanding increased production, trade stocks are reported to be only moderate, with no tendency to accumulate foreign stocks. In southern Europe in particular, consumption seems to have increased considerably. It appears, therefore, that the world will consume considerably more wheat this season than last, and that the carryover at the end of the season may be increased only to a moderate extent.

The disappearance of wheat in the United States from July 1, 1928 to March 1, 1929 appears to have been about the same as last year, consequently March 1 stocks are considerably larger than last year. Most of the increase in supply and curtailment of imports are accounted for in larger farm and commercial stocks which total 67 million bushels more than last year. This probably means some increase in carryover in the United States at the end of the marketing season.

The outlook for world production next year is of course quite uncertain. The area of winter wheat seeded as reported to date in 13 countries representing about one-half of the total wheat area outside of Russia and China is four per cent less than last year. Most of the decrease, however, is in the United States and might be offset by a reduction in abandonment. Europe has had a severe winter but the extent of winter killing is still to be determined both in the United States and in Europe. The prospects for spring seeding soon will begin to be an important factor in the situation. Reports of insufficient moisture in western Canada are already being given some consideration.

As usual, wheat prices for the remainder of the season will fluctuate considerably with reports of spring seeding and growing conditions. The opening of navigation on the Lakes, which in recent years has occurred between April 14 and May 4, may have some temporary influence upon wheat prices. It is of interest to note, however, that heavy shipments early in the season probably have reduced the supply in Canada available for the remainder of the season approximately to what it was at this time last year. Unfavorable conditions for spring seeding might tend to slow up the marketing of the Canadian grain and offset the influence of the opening of navigation upon wheat prices in general. An important factor in the present outlook is the movement of the Argentine crop. A continuation of the present heavy movement from the Argentine, together with some increase in the volume from Canada might have a depressing influence upon the wheat market, unless it were offset by a prospect of a reduction in next year's crop.

The reports of stocks on farms by States indicate that soft red winter wheat supplies are very low in the East North Central States, and that the total available supplies of this wheat are comparatively short.

Soft red winter wheat prices, therefore, should maintain the relatively high differential over other classes of wheat. It appears, however, that there is some substitution of low protein hard wheats which probably will hold the prices of soft red winter more in line than last year with the hard winter prices. Spring wheats are likely to continue near present levels and if conditions in Canada appear to be quite unfavorable for the new crop prices may rise further toward the end of the season. A heavy carryover of hard red winter wheat, particularly in Kansas, probably will hold this class of wheat to a world market basis for the remainder of the season. Unless there is heavy abandonment in this area, the course of prices will depend very largely upon the prospects for the 1929 world crop.

CORN

During February corn prices averaged about the same as in January. The United States farm price as of February 15, however, was 86.8 cents per bushel as against 80.2 cents January 15 and 79.0 cents for February of last year. At Chicago, No. 3 yellow corn averaged 94.4 cents for February, compared with 93.1 cents per bushel the previous month. At Kansas City the average price of No. 3 yellow was the same for both January and February, being 86.8 cents per bushel for each month.

The sharp rise in the price of cash corn during January carried No. 3 yellow at Chicago from an average of 84 cents per bushel the week ended January 4 to 97 cents for the week ended January 25. Thereafter, there was some decline followed by a slight improvement. The price for the week ended February 8 was 95 cents per bushel and for the three following weeks 94 cents, while the week ended March 8 it averaged 96 cents per bushel.

Receipts at 13 primary markets were 32 million bushels during February as compared with 44 million during the corresponding month of last year. From November 1 to March 1 receipts have been 143 million bushels for this crop year against 134 million for the corresponding period of the previous season. Commercial stocks of domestic grain in the United States were 37 million bushels at the close of the week ended March 2 as compared with 45 million on the corresponding date of last year. The increase in commercial stocks since the first of November has been 35 million bushels this season against 21 million a year ago. Farm stocks March 1 were somewhat above a year ago, being 1,030 million bushels against 1,012 million last year. The largest increases in stocks were in the Corn Belt States, while there were decreases in most of the others, especially the Southern and Middle Atlantic States. Iowa had 209 million bushels on farms this year against 135 million last year, and Illinois 143 million this year compared with 94 million last year.

Total corn stocks at the beginning of March amounted to 1,066 million bushels compared with 1,057 million a year ago. The figure this year represents a reduction of 1,829 million bushels from the total comprising the crop and the stocks November 1. The corresponding reduction a year ago was 1,843 million bushels. The reduction in total supplies this year includes exports of 30 million bushels, while that of last year included exports of 8 million. These figures seem to show a domestic disappearance of 1,800 million bushels this year against 1,835 million during the corresponding period of last season.

The actual reduction in domestic disappearance this season as compared with last is probably more than these figures indicate, for more of the 1928 corn crop appears to have been consumed prior to November 1 than was the case with the 1927 crop because of extremely small stocks of old corn.

Farm stocks of oats and barley on March 1 are estimated to be well above last year's levels. Combining stocks on farms and commercial stocks of domestic grain, total oats stocks as of the first of March this year are 518 million bushels compared with 394 million last year, while barley stocks this year are 108 million bushels against 66 million a year ago. March 1 stocks of oats represent a reduction of 976 million bushels from the total supplies available last summer as compared with a reduction of 861 million bushels by March 1, 1928. From July 1 to March 1 the decrease in barley supplies has amounted to 260 million bushels as compared with 206 million during the corresponding period of last season.

Exports of corn from the United States continue to be heavy, though the three weeks ended March 2 showed some decline from those of January and early February. From November 1 to March 2 the total was 30 million bushels against 8 million during the corresponding period of last year. The Argentine situation continues uncertain with indication pointing to a rather low yield and if this prove to be the case, a continued strong export situation should lend support to the market. The increase of exports this year over last year has tended to counterbalance a decrease of the commercial disappearance in the United States. Consumption at the 14 primary markets from November 3 to February 16 is reported by the Grain World as 47 million bushels against 65 million in the corresponding period of last year.

The outlook for the next two months is that prices may be expected to be maintained at about present levels unless there are evidences of about average or better than average yields in Argentina. No such great advance as occurred during the spring months of 1928 is to be expected this year, and any weakening which may occur in foreign demand is likely to be reflected in prices.

HOGS

The seasonal rise in hog prices which has been under way since mid-December continued into March. Average price of all grades at Chicago the first week in March was $11.28 as compared with $8.50 at the beginning of the rise, and $9.78 the first week in February. The rapidity of the advance has been marked in recent weeks and the market has become rather sensitive. Prices broke sharply on March 7 and 8, but practically all of the decline has since been recovered by March 11.

The seasonal movement of hogs to market this winter has been more nearly normal and was practically the reverse of the movement of last winter. A larger proportion of the winter run came to market early, and since late January supplies have been falling off. Inspected slaughter for the three months ending with January showed an increase of 1,939,000 head, or 14 per cent compared with the same months last winter. Because of heavier weights the increase in pork and lard from this slaughter amounted to about 16 per cent. February slaughter, however, is indicated to be about 20 per

cent less than a year ago, which would be a decrease of more than a million head for the month. March slaughter is likely to show an even larger decrease, relatively and actually.

With the exception of November, hog prices have averaged higher this winter than last. The higher level in December and January appears to have been due in large part to an increased demand. Since January however, prices have been affected by the reduction in slaughter supplies as well as by the stronger demand. The demand situation is reflected in higher wholesale and retail prices for pork products, a larger export movement, heavy buying by packers for storage accumulation, and more recently a very active demand from eastern packers.

The combined average wholesale price of pork and lard at Chicago was about 5 per cent higher in December and 9 per cent higher in January than in those months last winter. The February average showed an increase of 15 per cent but hog prices at the same time were up 26 per cent. Average retail prices in New York were 5 per cent higher in January and 8 per cent higher in February as compared with those same months in 1928, and at the beginning of this month they were almost 12 per cent above a year ago.

The improvement in the export situation is indicated by increased exports of both pork and lard. Exports of pork for the winter season to the end of January were considerably larger than in the same period last winter. Lard exports were the largest in five years. Reports from important European hog producing countries show reductions in marketings compared with a year ago.

Undoubtedly much of the strength in the market this winter has come from the demand for storage purposes. Storage operations in 1928 proved to be rather profitable. With the situation early in the winter indicating that the distribution of supplies would be the reverse of last winter, packers were willing buyers at the December and January price level, with a view to accumulating large stocks. Stocks of lard on that date were the largest on record for the season, being 44 per cent larger than the year previous. Stocks of pork were the third largest ever reported in March but were only 6.5 per cent larger than those of March, 1928. In view of the smaller supplies of hogs in prospect this month as compared with a year ago it is hardly likely that stocks of pork at the beginning of April will be as large as on April 1 last year. Lard stocks, however, will be larger.

The more recent advances in hog prices reflect the reduction in hog supplies to more nearly the quantities used for fresh pork, with resulting stronger demand from slaughterers outside of public markets. With a decrease of 19 per cent in receipts at 12 markets in February compared with a year ago, eastern packers competed more actively for hogs on the Corn Belt markets, and shipments fell off only 6.5 per cent.

Hog prices usually turn downward when the movement of fall pigs to market gets under way in volume. This usually begins early in April and the decline frequently continues until sometime in June. This year the rise in prices has been greater and more rapid than usual and prices are probably at about their seasonal peak and it is probable that prices will be very sensitive until the seasonal decline gets under way.

CATTLE

The decline in cattle prices, which started in October, 1928, came to a temporary halt about the middle of February and during the latter half of the month some recovery was made. In the second week in March prices of good steers again declined but prices for medium grades have continued upward. At the low week in February choice beef steers at Chicago at $13.66 averaged about $4.30 below the high point of last fall, $2.60 below a year ago and 35 cents below the low week of 1928, which was in the latter part of May. Prices of good and medium grades were also below the level of a year ago, but prices of other kinds of slaughter cattle averaged about the same as during the similar week in February, 1928. This shows that the market for fed steers has been the weakest element in the cattle situation.

The receipts of cattle at seven leading markets in February were about 18 per cent smaller than in February, 1928, 21 per cent smaller than the five year February average, and the smallest for February in 14 years and the second smallest for all months since 1917. However, receipts of beef steers at Chicago were only four per cent smaller than in February, 1928 and the number of choice steers was 50 per cent larger. Whether the low point in prices for beef steers during the first half of 1929 was reached in February will depend somewhat on the supplies of cattle during the next few months. Present indications are that the supply of grain finished cattle will continue larger than last year until June but that the supply of other slaughter cattle will continue smaller. Unless the supply of fed cattle is materially larger than last year, it does not seem probable that prices on these kinds will go much below the low point already reached. However, no material advance from the levels early in March is likely during the next two or three months.

LAMBS

After the sharp rise in January lamb prices continued strong during February and were at the second highest level for the month since 1920. With wool and pelt values lower this year than last, and supplies of lambs slightly smaller the strength in the lamb market during January and February compared with the same months of 1928, has been in marked contrast to the weakness in the cattle market. Apparently much of this strength has been due to an increased consumer demand for lamb, a higher level of prices for the competing products, poultry and veal and a strong demand for feeder lambs. Inspected slaughter in January was about the same as in January, 1928 but receipts at seven leading markets during February were about 10 per cent smaller than in February last year. Supplies of fed lambs during March and April are likely to be larger than last year. As a result of unfavorable weather conditions during the lambing season, California's supplies of new crop early lambs during these months will probably be less than last year. With lamb prices at the present high levels there would seem to be little chance for any further considerable advance and any temporary over supply will probably result in a rather sharp temporary drop in prices.

WOOL

There was a decline in wool prices during February which affected most grades of wool at Boston and in foreign markets. Boston prices of fine wools, 64's, 70's, 80's, for the week ending March 9 averaged 44.5 cents grease basis, Ohio and Similar, and 107.5 cents scoured for fleece strictly combing, or 1.5 cents and 5 cents lower respectively than for the week ending January 28. Fine clothing wools averaged 37.5 cents grease, Ohio and Similar, and 97.5 cents scoured fleece or 1 cent and 3 cents lower. Strictly combing medium wools, 56's grade, averaged 54.5 cents grease, Ohio and Similar, and 100 cents scoured fleece for the week ending March 9, or 1.5 cents and 2.5 cents lower respectively than for the week ending January 28. Clothing wools, 56's grade, averaged 49.5 cents grease, Ohio and Similar, and 92.5 cents scoured fleece, making declines of 2 cents per pound for each basis. At the fourth wool sales at Wellington, New Zealand, held February 20, prices were four cents below the close of the January sales. The second series of the London sales opened March 6 with a general decline from the January levels, merino prices ranging from unchanged to five per cent lower and crossbred prices five to seven and one-half per cent lower. The Sydney sales opened March 7 with prices firm at the lower levels established in February. Compared with prices for the corresponding week last year Boston prices of fine wools, 64's, 70's, 80's, on March 9 for strictly combing were 5 cents lower grease basis, and 12 cents lower scoured; clothing lengths ½ cent lower grease and 3 cents lower scoured. Medium wools, 56's grade were higher than a year ago, strictly combing being 2.5 cents higher grease basis and 3.5 cents higher scoured; and clothing lengths 6.5 cents higher grease, and 8 cents higher scoured.

Wool production in the 18 countries which usually produce 80 per cent of the world's wool outside of Russia and China is estimated to be five per cent higher than in 1927-28. Stocks of wool at the seaboard markets in Australia and Argentina on January 31 were about 289 million pounds against 184 million a year ago, according to private sources. In Boston, however, members of the trade report the sale of some large lots of fine wools and a substantial reduction in stocks together with light receipts of domestic wools. Recently there appears to have been some contracting for the new clip.

For the first time since last June imports of combing and clothing wools have been above those for corresponding months last year. Imports during January were 21,566,000 pounds compared with 10,235,000 pounds in January 1928, and 21,375,000 pounds for the January average from 1924 to 1928.

Domestic consumption by reporting mills in January was above the December level, being 39,337,000 pounds, compared with 33,079,000 pounds for January 1928, and an average of 35,323,000 pounds for January 1924 to 1928.

The decline in prices in foreign primary markets appears to have been checked. With continued active business indicating a good consumer demand, the wool market is likely to become more steady.

COTTON

Following a slight recession in the latter half of January and the first week in February, cotton prices advanced and by the end of the second week in March had reached the highest level for the season to date. Middling spot cotton at the ten designated markets rose from 18.48 cents per pound on February 5 to 20.30 cents on March 9. The price received by producers on February 15 averaged 18.0 cents per pound compared with 17.9 cents on January 15 and 17.0 cents on February 15, 1928.

The apparent stocks of American cotton remaining in the United States on March 1 were 6.7 million bales compared with 7.5 million on March 1, 1928. On February 1 this apparent supply was 7.9 million bales compared with 8,7 million on February 1, 1928. Cables from the International Federation indicate that the foreign mill stocks of American cotton on January 31 were 1,190 thousand bales compared with 1,158 thousand on January 31,1928. Stocks of American cotton in European ports and afloat on February 1 were 2.21 million bales and on February 1, 1928 were 2.04 million bales according to the Commercial and Financial Chronicle. For February 1, 1929 these supplies total 11.3 million bales compared with 11.9 million bales for February 1, 1928.

Domestic consumption continued at a high rate during February, being 598 thousand bales compared with 668 thousand bales in January and 573 thousand bales in February, 1928. For the period August 1 through January 31 domestic consumption has totaled 3,451 thousand bales against 3,627 thousand for the corresponding period last year and 3,429 thousand the year before last. The International Federation reports the world consumption of American cotton for the period August 1 through January 31 at 7,613 thousand bales this year compared with 8,226 thousand a year ago and 7,423 thousand two years ago. Consumption, therefore, has been below the rate which prevailed during the first half of last season, but above that for the first half of the 1926-27 season. In view of the reduced consumption last summer this situation was to be anticipated.

For the first month since August, exports have been below those for a corresponding month last season, being 613 thousand bales for February, 789 thousand for January and 626 thousand for February, 1928. For the season to date exports have been 1.1 million bales above those of a year ago.

Domestic production of cotton textile goods proceeded at a rate of 73 million yards per week during February compared with 69 million per week during January and stocks decreased from 389 million yards at the end of January to 373 million at the end of February, while unfilled orders rose from 441 million yards to 472 million yards, according to a report of the Association of Cotton Textile Merchants. Reports from Agricultural Commissioner Steere at Berlin indicate some slowness in sales of cotton goods in Continental Europe.

BUTTER

The price of 92 score butter at New York City the past month fluctuated much less than usual for February. From a level of 50 cents per pound at the beginning of the month it declined to $49\frac{1}{2}$ cents by the 18th, and recovered to 50 cents on the 25th. Except for a brief rise, the price of 50 cents has been maintained through March 9.

The unusually severe weather in the principal producing sections prevented the favorable feeding ratio from causing increased production as anticipated earlier in the season and helped to maintain prices at a high level. The average price for the month was 49.9 cents, compared with 46.6 cents for February, 1928 and 47 cents for the five-year average. The average prices received by producers for butter on the 15th of the month was 45.2 cents, compared with 43.9 cents in February, 1928 and 42.4 cents for the five-year average. The average price received by producers for butterfat on the 15th of the month was 47.8 cents compared with 46.0 for February, 1928 and 44.5 cents for the five-year average.

Receipts at the four principal markets were 46,646,000 pounds compared with 46,363,000 pounds for February, 1928. Cold storage holdings declined 12,839,000 pounds during the month, leaving 11,911,000 pounds in storage on March 1, 1929 compared with 14,404,000 pounds on March 1, 1928 and a 5 year average of 17,461,000 pounds on March 1.

The margin between feed prices and the price of butter is somewhat less favorable than earlier in the season, but is still sufficiently favorable to lead to heavy feeding.

The season during which butter is normally imported has now nearly passed without any considerable foreign supplies having been received, but the margin between domestic and outside prices has widened and offers of foreign butter are at lower prices than in recent months or a year ago. There is now little interest in these offers, however, according to official reports from New York. Continued firmness in the markets of the principal foreign deficit areas now appears to be assured at least until supplies are affected by the opening of the new spring season. Shipments afloat from countries of the Southern Hemisphere principally to Great Britain amounted on March 2 to 43 million pounds or practically the same as a year ago when our importation for the season had practically ended. The price margin in favor of New York over the price of Danish butter in London was 9.37 cents on March 7 and 12.8 cents over the price of New Zealand butter in the same market.

A marked downward tendency in butter prices is always apparent by May 1 but during March and April there is no clearly defined seasonal movement. Present indications are that production during the remainder of the year is likely to run above last year. Some decline in prices during March appears probable, but the average for the month will probably be above that of last year. Prices in April may be expected to average below those of March.

POTATOES

The farm price of potatoes, after reaching the unusual low price of 56.9 cents in November advanced only slightly to 59.5 cents on February 15, which compares with 58.9 on January 15 and 96.2 last year. This advance of about five per cent for the country as a whole represents greater advances in the South Central and South Atlantic States which were partly offset by continued declines in the North Atlantic States. Since February 15 prices have weakened somewhat, apparently as a result of an increased movement from the northern and western potato districts.

So far this season the shipments of potatoes have totaled somewhat less than for the same period in recent years of crops of over 400 million bushels. Total shipments from August through February amounted to 137,000 cars this season, compared with 159,000 in 1927, and 147,000 in 1924, 150,000 in 1923 and 142,000 in 1922.

This year a larger than usual percentage of the crop is still being held on farms, the percentage on March 1, 1929 being 31, compared with 31 in 1925 and 21, 24, and 26 in the intervening years. A strengthening factor in the prospective situation may be the reduced supplies of the early crop but it is unlikely in view of the large supplies of old potatoes that such advances as took place during April of 1923 and 1924 will take place this season.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release April 15, 1929

THE PRICE SITUATION, APRIL, 1929

FARM PRICES

The general average of prices received by producers was higher in March than in February and also above last year's level. For March 15, the index of farm prices averaged 140 compared with 136 on February 15 and 137 a year ago. Higher prices for cotton, and livestock, particularly hogs, contributed mostly to the general advance in farm prices which was only partly offset by a somewhat less than seasonal decline in egg prices. Butter prices which usually decline between February 15 and March 15 remained unchanged. Meat animal prices as a group advanced 10 points, cotton 6 points, while poultry products declined 14 points and the other group indexes remained practically unchanged. In the past four weeks, since March 15, prices of grains, potatoes, cotton, wool, butter, eggs, and hogs have declined while cattle prices have advanced somewhat. These recent changes have offset part of the advance which was shown in the farm price index for March.

THE GENERAL COMMODITY PRICE LEVEL

The decline in farm and food product prices which took place during the last part of March lowered the general level of commodity prices from 147.1 on March 5 to 145.6 on April 2, compared with 146.5 a year ago (according to the Annalist weekly index). Textile products also contributed to this decline, while fuel and metal product prices, especially the latter, continued to advance. The strength in metal prices reflected the continued high activity in the metal and automobile industries.

BUSINESS CONDITIONS

The present business situation continues to be marked by the unusually high rate of activity in the automobile and iron and steel industries which tend to offset the reduced activity in construction work. The general trend of business activity in the past year is similar to that which has in the past characterized the upward phase of the business cycle. The slightly easier money situation in January has been followed by further advances in interest rates which now exceed the high point reached last fall. Speculative activity also seems to reflect the usual tendency suggestive of the later stages of the upward movement in business. During 1928 industrial stock prices after several recessions made successive new peaks, but the recessions of January, February, and March of this year have not been followed by recoveries to higher levels.

The larger volume of employment and payrolls which has accompanied the advance in business activity during the past year, has been accompanied by a larger expenditure by consumers for certain farm products.

WHEAT

Wheat prices have continued to decline since February, and by the middle of April had reached what seems likely to be about the low point for the remainder of the season. Farm prices the middle of March averaged slightly higher than at the middle of February, being nearly $1.05 per bushel. The high price for the season had been reached between those two dates, and April farm prices will doubtless average somewhat lower than those of March. The weekly average prices of all classes and grades in six markets had dropped from $1.20 per bushel for the week ending February 22 to $1.10 by the end of March. The prices of each class of wheat participated in the declines.

In the past month there have been no definite changes in the estimates of the world's supply of wheat from the 1928 crop. The size of the Argentine crop is still in doubt. The movement of wheat from surplus to importing countries continues in large volume. In the past few months Australia has shipped nearly double the amount shipped last season when she had a smaller crop, and large quantities have been shipped from Argentina. It is probable that slightly more wheat remains in Canada than at this time last year, but the greatest accumulation of wheat over quantities available last year is in the United States. It now seems likely that the world's carryover will be increased over last year, but the increase will be mostly in the United States.

The outlook for world production in 1929 is still quite uncertain. The area seeded to wheat as reported to date is somewhat less than last year. The condition of the crop in the United States at the beginning of April, however, was so much better than last year that the abandonment seems likely to be small, and the acreage of winter wheat remaining for harvest in the United States may exceed that of last year. Farmers indicated intentions to plant less durum and more hard red spring wheat, taking the two classes together they indicate only a very slight reduction in acreage. In Canada low returns from last year's crop and lack of moisture may cause some reduction in acreage. The fall and winter drought is reported to have been broken by recent rains but unless the remainder of the season is quite favorable, the Canadian crop is likely to suffer from lack of moisture in the soil at the beginning of the season.

Wheat prices for the season to date have followed a course similar to that of 1923-24 and world conditions are now similar to what they were in the spring of 1924. The level of prices at the end of this season and the beginning of the new season will depend upon the size of the 1929 world crop. Should the Canadian crop turn out to be short, as it was in 1924, prices would turn up as this became evident.

CORN

The United States farm price of corn on March 15 was 88.7 cents per bushel. This was 2 cents above that of the previous month and $2\frac{1}{2}$ cents above the price of March 15 a year ago. In the central and western part of the Corn Belt, March 15 farm prices were the same as a month before, but in other parts of the country they were somewhat higher. In the South Atlantic and South Central States in particular they averaged about 5 cents above those of the previous month.

At the terminal markets cash corn prices during March averaged about the same as in February, the price of No. 3 yellow at Chicago being 94 cents per bushel for both months, and that of all classes and grades at five markets being 89 cents per bushel in both February and March. During the past few weeks prices have fluctuated within a moderate range, though at about the end of the month there was a marked weakening of the market. The week ended March 1, No. 3 yellow corn at Chicago averaged 94 cents per bushel; the two following weeks it averaged 96 cents and then dropped to 94 cents the week ended March 22, 91 cents the following week, and 90 cents per bushel the week ended April 5.

Primary receipts have continued to decline. At 13 primary markets receipts during March were 22 million bushels against 32 million in February and 40 million in March of last year. Receipts for the five months, November to March of this year, have been 164 million bushels compared with 174 million last year and 112 million in 1926-27. For the past two weeks commercial stocks of corn have decreased as is usual at this time of year and at the close of the week ended April 6 they amounted to 37 million bushels. This is about 10 million bushels less than for the corresponding date of either of the past two years.

There has been no material change in the outlook for demand. The number of hogs is of course less than last year, and the number of cattle on feed for the country as a whole is reported at about one per cent less than last year. In Nebraska, Iowa and Illinois, the principal cattle feeding States, however, there are increases in the numbers of cattle on feed. With the coming of the new crop in Argentina, exports of corn from the United States have declined, being 403 thousand bushels for the week ended March 30 and 796 thousand bushels for the following week. Exports since November 1 have been 32 million bushels to date this year against 12 million during the corresponding period of last year. This increase which has occurred in exports bids fair to nearly counterbalance the decrease in domestic commercial requirements.

Beginning sometime in May corn prices are likely to be considerably influenced by prospects for the planting and development of the 1929 crop. While some recovery is expected from the levels of the week ended April 5, no marked advance such as occurred during the corresponding period of last year is to be anticipated during the next few weeks. Corn prices will of course fluctuate with the speculative temper of the market. The Argentine situation continues to be uncertain and unexpected information concerning it might be sufficient to alter materially the general trend of prices in this country.

POTATOES

The farm price of potatoes throughout the United States at 58.4 cents averaged about 1 cent per bushel less on March 15 than on February 15 and about 65 cents less than on March 15 last year. After March 15 potato prices declined still further, the decline being approximately 10 cents per bushel on old potatoes at the Chicago market. Prices of early potatoes also declined in response to increased shipments and are considerably lower than a year ago.

The potato market during March appears to have been subject to the following influences: Prices failed to show the improvement that sometimes occurs at this time of year because of the very heavy stocks still available from the large crop of 1928. The decline which set in during the last half of the month was accompanied by a record movement of early potatoes. While the movement of the southern crop, mostly from Florida and some from Texas, is at this time of year small compared with the supply of old potatoes still on hand, the March shipments were unusually heavy amounting to more than 1,250 cars, compared with 705 in March 1927, 384 in March 1925, and 221 in March 1922. This year as in each of the preceding eight years, prices have responded to the shipments of the new crop to market during March. The decline in price this year accompanying record shipments from the South together with the low prices which prevailed during February, has had the usual retarding effect on shipments of old potatoes. In relation to the available supply, March shipments of late potatoes were very light.

The reduced acreage in Georgia and the Carolinas and delayed planting may be a strengthening factor in the May price situation.

COTTON

Cotton prices have declined during the past month, the prices of middling spot cotton at the ten designated markets during the first week in April averaging about 3/4 cent per pound below the prices during the first week in March. On March 15 the price received by producers averaged 18.8 cents per pound compared with 18.0 cents in February and was 1 cent higher than the price in March 1928.

During the first part of March there were excessive rains in the eastern part of the cotton belt but during the latter half of the month and the first week in April the weather was more favorable for field work. During the second week in April there were rains in the central portion of the belt. Sales of fertilizer tags in eight important cotton states for the months of December to March inclusive were 17 per cent below those for the corresponding months a year ago. The boll weevil report of the Bureau of Entomology issued April 3 showed that the numbers of weevils surviving at the reporting stations were greater than last year in Texas and South Carolina, about the same in Louisians, and smaller in Georgia and Alabama.

The final ginnings figures for the 1928 crop total 14,450,007 bales of 500 pounds each, or 14,269,313 running bales. The final ginnings were 77 thousand bales greater than the December crop estimate and 11 thousand greater than the September forecast. The apparent stocks of American cotton remaining in the United States on April 1 were 5,466 thousand bales compared with 6,158 thousand last year. The decrease during March was about the same as that for March, 1928.

Domestic consumption in March totaled 633 thousand bales, making an increase of 35 thousand bales over February, or 51 thousand above March last year. Although the total domestic consumption for the season to date is 99 thousand bales below that for the corresponding period last year, the trends of consumption within the two seasons have been opposite. From the high peak of March, 1927, consumption declined steadily, reaching a low point in July, 1928. This season consumption started at a low rate in the early months and then increased, with the level during January, February, and March being materially above that of last year.

Conditions in the domestic cotton textile industry continue active both in production and sales. The weekly average production for March was 74 million yards against 73 million for February and 71 million for March a year ago. Sales during the month totaled 120.2 per cent of production and unfilled orders rose from 472 million to 505 million yards, while stocks declined from 573 million yards to 345 million, reaching the lowest total since December, 1927.

Activity in the cotton textile industries in most of Europe has been somewhat slow for the last few months, and latest reports from Agricultural Commissioner Steere at Berlin indicate but little improvement in Germany and central Europe, although there has been better business in Italy, France, and Belgium. It appears, however, that stocks of finished goods have been kept down. Exports of piece goods from Great Britain in February were higher but exports of yarns were lower than last year. This slowness in the European textile industry has been reflected in reduced cotton exports to the United Kingdom, France, Italy, and Germany which, compared with the corresponding months of last year, were 100 thousand bales lower in February and 48 thousand lower in March. The opposite situation prevails in Japan and China, where cotton mill activity is at a high rate. Exports of cotton to Japan continue materially above those of a year ago, with the total for the season through March being 397 bales higher than for the corresponding period of the previous season.

The total exports of American cotton for March were 556 thousand bales compared with 596 thousand for March, 1928, and the total for the first eight months of this season have been 6,744 thousand bales or 1,025 thousand bales above those for the same months last season.

WOOL

Prices of wool at Boston declined considerably during the past month. The declines between March 2 and April 6 on 64's, 70's, 80's qualities (fine) amounted to 2 cents on territory scoured, and on Ohio and similar to $2\frac{1}{2}$ cents, grease basis, and 6 cents scoured basis. On 56's (3/8 blood) the declines were 6 cents for territory scoured, and for Ohio and similar were $4\frac{1}{2}$ cents for grease and 8 cents for scoured. On 46's (low $\frac{1}{4}$ blood) the declines for Ohio and similar were 4 cents, grease, and $6\frac{1}{2}$ cents, scoured, and for territory scoured were 7 cents. Compared with prices for the same month last year, prices during March averaged 1 to $5\frac{1}{2}$ cents lower for the fine grease wools and $4\frac{1}{2}$ to $13\frac{1}{2}$ cents lower for the fine scoured wools; 58's, 60's ($\frac{1}{2}$ bloods) averaged from $9\frac{1}{2}$ cents lower to $6\frac{1}{2}$ cents higher; 56's (3/8 blood) were 2 to $5\frac{1}{2}$ cents higher, grease, and 1 to $6\frac{1}{2}$ cents higher scoured; and 48's-50's ($\frac{1}{4}$ blood) were 1 to 3 cents higher grease, and $\frac{1}{2}$ to $7\frac{1}{2}$ cents higher scoured.

At the second series of the London wool sales, March 6 to 21, prices on 64's, 70's (fine) and on wools below 50's held steady to declines of 2 cents, but prices for 56's and 58's declined 4 cents, while prices on 60's declined 3 cents.

These recent price changes widen slightly the margin of finer over intermediate grades of wool, scoured basis. Throughout the period since 1921 this margin has been decreasing, and with fine wools declining from last year's high point and medium wools holding nearly steady, the margin became unusually small. At times in February and March it was only 6 cents per pound between finer and intermediate grades of wools, scoured. In addition to the narrow margins between finer and intermediate grades of wools in the domestic market it appears that the differential of domestic prices above foreign prices has been greater on intermediate than on finer wools.

The relatively strong position of medium wools in recent years has probably been due in part to the fact that increases in production have been greater for finer wools, and in part to the increased demand for sport cloths and other cloths made of intermediate grades of wool.

The general declines in prices this year appear to be due primarily to adjustments to the new supply resulting from a 5 per cent increase in the 1928 production over that of 1927 in countries producing two-thirds of the world's wool. Foreign demand, however, appears to be somewhat below the very active level of last spring.

Receipts at the foreign primary markets have been considerably heavier this season than last but disposals have been only slightly higher, with resulting increases in stocks. With lower prices, however, trade opinion is that these stocks will be absorbed without difficulty.

Total imports of wool during February amounted to 33,074,000 pounds compared with 21,105,000 last February. Most of this increase was in carpet wools, however; the imports of clothing and combing wools being 15,629,000 pounds or about 4.2 million pounds higher than in February, 1928, but nearly 6 million pounds less than in January of this year.

The consumption of wool by 534 reporting mills in the United States during February amounted to 47,993,000 pounds, on a grease basis, compared with 48,364,000 pounds for February, 1928. Since there were only 23 working days in the month this year and 24 last year, the daily rate of consumption was somewhat greater than that of last year.

CATTLE

The prices of nearly all kinds and grades of slaughter cattle, except choice beef steers, advanced during March. At the end of the month the general level of slaughter cattle prices was higher than in March 1928, and the highest for the period since the war. During the first week in April prices of all grades advanced, and for the first time since last November the average price of each grade of beef steers except choice was as high or higher than for the similar week of the previous year. Because of the seasonal advance in prices of low grade steers and the further decline of choice steers the spread between the average price of common and choice at $2.30 a hundred pounds the last week of the month was the smallest proportionately since 1922.

Prices of stocker and feeder cattle advanced substantially during the month to a level above those of the previous year and the highest for the month since 1919. The average price of such steers at Chicago the last week in March was 85 cents above the same week in 1928 and only 50 cents below the peak price reached in September 1928. At Kansas City the weekly averages during March were the highest for all months since 1919. Prices of stocker and feeder steers at Chicago in March averaged only 112 cents below the price of beef steers. This is one of the narrowest margins on record,

Supplies of cattle during March were small. Receipts at seven leading markets were about 2 per cent smaller than the very small supplies in March 1928 and nearly 20 per cent below the five year average March receipts. The slaughter of cattle during March was about 5 per cent smaller than in March 1928 with the average weight somewhat heavier. The number of cattle on feed in the Corn Belt States, April 1, according to the estimate of the Department was 1 per cent smaller than on April 1, 1928. The shipments of stocker and feeder cattle into these States during the three months January to March of this year were only 77 per cent as large as for the three months of 1928, and the smallest for ten years.

Cattle feeding during the past winter was generally unprofitable, due largely to the high cost of unfinished cattle last fall. This and the present high level of feeder cattle prices will tend to restrict the number of cattle put on feed during the next few months. While the supply of fed cattle during April, May, and June will probably be as large as last year most evidence points to a considerable decrease in supplies and to prices of grain finished cattle after the middle of the year at least as high as during this period last year.

Indicated available supplies of cattle during the next two months do not point to any considerable further advance in prices above those prevailing about the middle of April.

LAMBS

Lamb prices during March were slightly above the relatively high level prevailing during February and the peak price of the month was the highest of the year to date. The top price of lambs at Chicago ranged between $17.00 and $17.85 during the month, but was above $17.50 most of the time. Although the supply of fed lambs included a considerable proportion of heavy lambs, price discrimination against weight has been less than usual, due in part to the prevailing high level of prices for killing sheep.

Supplies of lambs at seven leading markets were a little larger in March this year than last. Because of the delayed movement of early lambs from California and Arizona, the supply was made up of a larger than usual proportion of fed lambs. At the end of March there were about 120,000 more lambs in Colorado and Scottsbluff, Nebraska feed lots than a year ago although the number fed this season in these areas was smaller than last season. Rains in March improved the California feed situation and the eastward movement of lambs will begin in volume by the middle of April. Improved range conditions in Texas will also probably result in an earlier and heavier movement of grass sheep and yearlings during April and May than last year. Total supplies of killing lambs during April and May will probably be considerably larger than during these months last year.

Because of the profitable feeding season this year and because they anticipate a smaller supply of feeding lambs next fall, feeders in Colorado and western Nebraska have been willing contractors for feeding lambs for delivery next fall. Contracts already made are larger than at this date in several years with prices above those of last year.

HOGS

The seasonal rise in hog prices which got underway last December was checked the third week in March after reaching a top of $12.15 at Chicago and making a total advance in the average price of $3.15 from the winter low point. Since the first week in March top prices have been fluctuating within a range of about 50 cents, alternating daily advances and declines of 20 to 30 cents being frequent. These erratic fluctuations reflected wide variations in both supply and demand conditions from day to day. Since late January market supplies of hogs have been materially less than the unusually large supplies of a year ago and from the middle of February to the middle of March they dropped off sharply. Since the March low point supplies have shown some increase and there are indications that the April total may not be greatly different from that of April last year. Inspected slaughter in March, however, showed a decrease of about 1,500,000 hogs or 29 per cent under the record March slaughter of a year ago.

Unfavorable weather conditions in March restricted shipments from the country at times and this created temporary shortages at market which were reflected in sharp price advances. Each time prices reached the $12.00 level at Chicago, however, buying dropped off and prices soon reacted. Likewise each time top prices receded to around $11.50 buying became more active.

Although prices of fresh pork advanced somewhat in line with the rise in hog prices the prices of cured products and lard were practically unchanged at Chicago and advanced only slightly at New York. During much of the time the ratio between hog prices and product prices was such as to establish an extremely narrow "cutting margin", and this together with the Lenten season and a slow demand in the Eastern pork trade caused small slaughterers and Eastern packers to curtail hog buying operations. Export shipments of pork and lard in February failed to maintain the increase over a year ago which was established in December and January. Pork exports decreased about 5 per cent and lard 19 per cent compared with February last year.

Storage stocks of pork on April 1, amounting to 918,323,000 pounds were 8 per cent less than the unusually large April 1 stocks of last year. Lard stocks, however, were the largest on record for the season, amounting to 179,678,000 pounds or 9 per cent more than a year ago.

With the increased marketings of the fall pig crop, prices usually decline about 8 per cent from the late winter peak until the spring low point in May or June. Last fall the pig crop was 5 per cent below that of 1927 and the spring price decline will probably be moderate this year.

BUTTER

The price of 92 score butter at New York had a marked downward trend during March and early April. From 51 cents at the beginning of the month it declined to 46 cents at the close and was 45 cents on April 6. The spread between 92 score butter and the lower scores is unusually small at the present time, the spread between 92 and 88 score butter being only 3/4 cents as compared with 2 cents a year ago. The average price for the month was 48.5 cents compared with 49.4 cents for March 1928 and 47.4 cents for the five year average. The average price received by producers for butterfat was 47.8 cents on March 15th compared with 46.5 cents on March 15, 1928 and 42.8 cents for the five year average.

Receipts at the four principal markets were 52,164,000 pounds compared with 52,447,000 pounds a year ago. Cold storage holdings are close to the low point for the year, and were 5,535,000 pounds on April 1 compared with 5,716,000 pounds a year ago.

The unusual strength that has characterized the foreign butter markets during most of the past winter gave way during March and early April to conditions of rather decided weakness. March quotations of Danish butter in London averaged 38.2 cents or 10.1 cents lower than 92 score butter in New York City on corresponding dates, with a maximum difference of 11.5 cents on March 28. In past years these price relationships have usually brought importations of butter and would probably have attracted foreign supplies but it is apparent now that any material importation is being prevented by the lateness of this development.

Winter production held up well despite the unusually severe weather in the principal producing regions and at the present time production appears

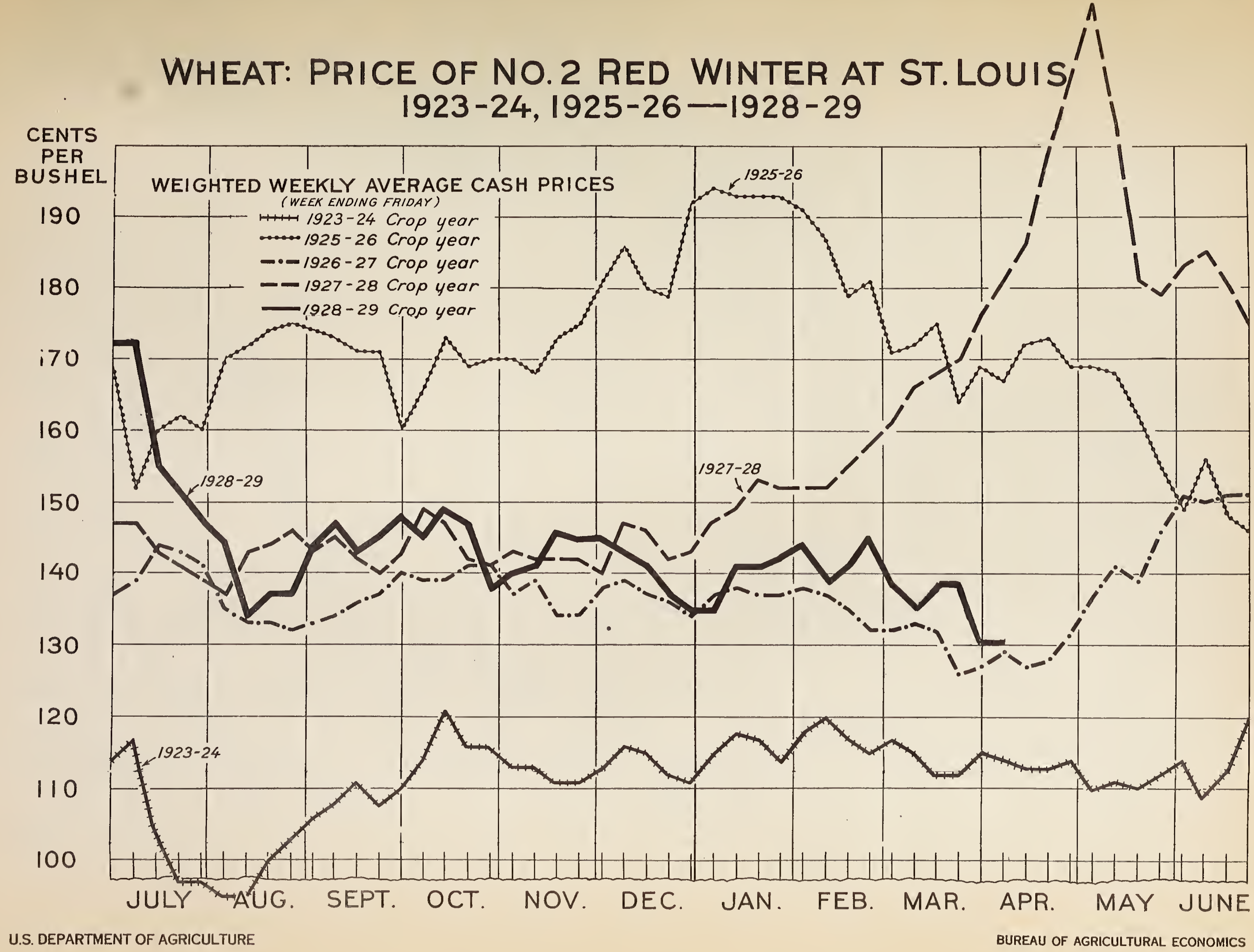
to be above that of last year. Weather and pasture conditions influence early spring production to a considerable degree. Pasture conditions on April 1 were unusually favorable and indicate a heavy spring production. Prices this April will probably average slightly below those of last April. The usual trend of prices from April to May is downward and the decline this year will probably be somewhat larger than usual.

EGGS

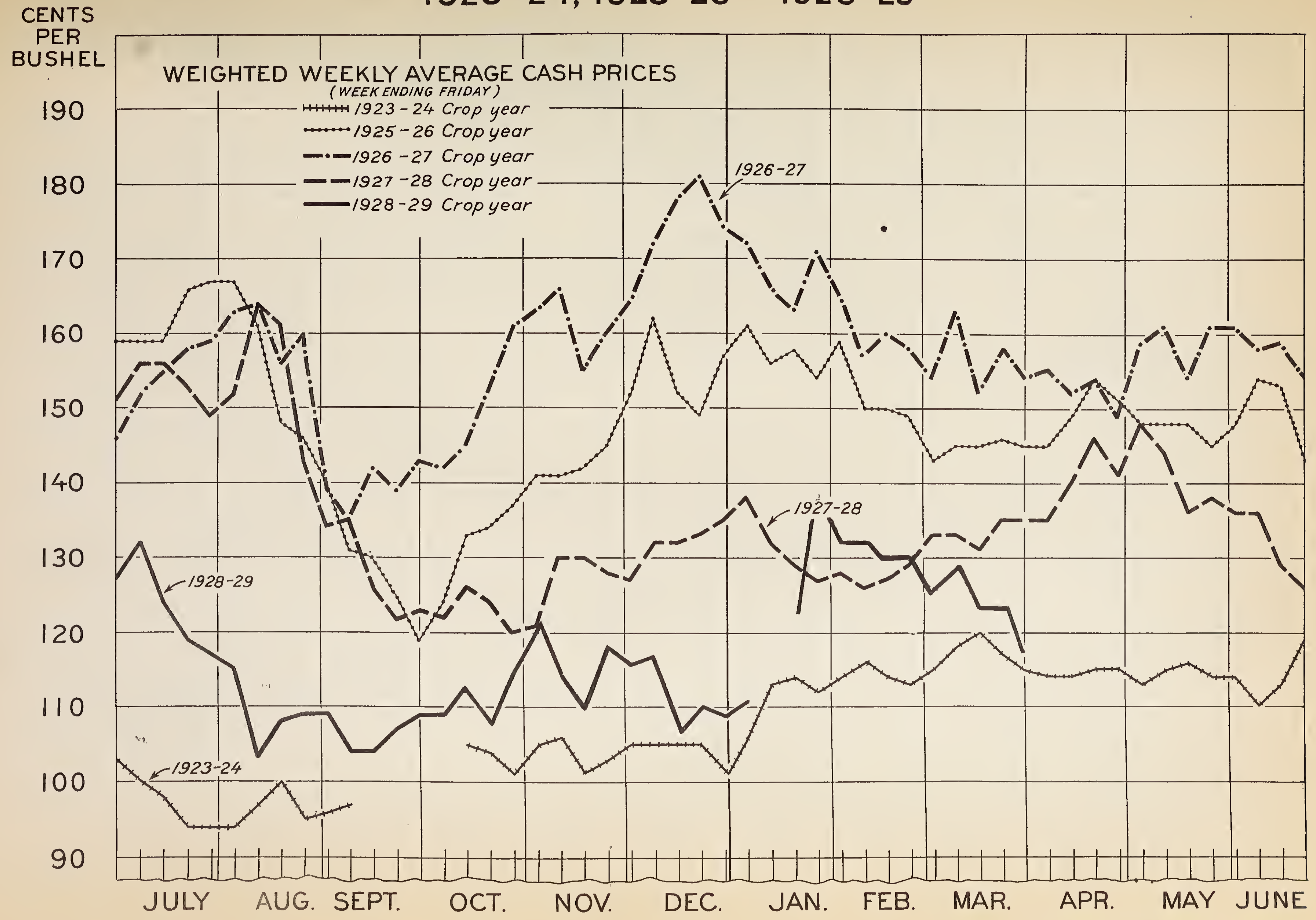
The month opened with the New York price of fresh firsts at the highest March 1 price since 1920, about 46 cents, or 18 cents above last year's price. This was due primarily to low receipts. A sharp break to 39.5 cents occurred on the 6th in anticipation of increased receipts, partial recovery following as they continued low. Heavy deliveries on the 10th and 11th drove the price down to 30 cents where they were maintained for a week. Later the price reached the 27-28 cent level which was the same as that at the end of March last year.

Egg receipts at the four terminal markets for this year to March 30 were about 3.4 million cases as compared with 4 million for the same period last year and the five year average of 3.8 million cases. Bad weather in January and February delayed the egg production season and the movement into storage, but this is now increasing rapidly. Holdings on April 1 were 550 thousand cases compared with 1,087 thousand last April and a five-year average of 1,129 thousand on April 1.

Indications are that egg prices during April will remain somewhat below the level of the last week of March, and also below the April level of last year.


WHEAT: PRICE OF NO. 2 RED WINTER AT ST. LOUIS
1923-24, 1925-26—1928-29
CENTS PER BUSHEL
WEIGHTED WEEKLY AVERAGE CASH PRICES
(WEEK ENDING FRIDAY)
1923-24 Crop year
1925-26 Crop year
1926-27 Crop year
1927-28 Crop year
1928-29 Crop year
190
180
170
160
150
140
130
120
110
100
1925-26
1927-28
1928-29
1923-24
JULY
AUG.
SEPT.
OCT.
NOV.
DEC.
JAN.
FEB.
MAR.
APR.
MAY
JUNE
U.S. DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

WHEAT: PRICE OF No. 2 AMBER DURUM AT MINNEAPOLIS 1923-24, 1925-26—1928-29



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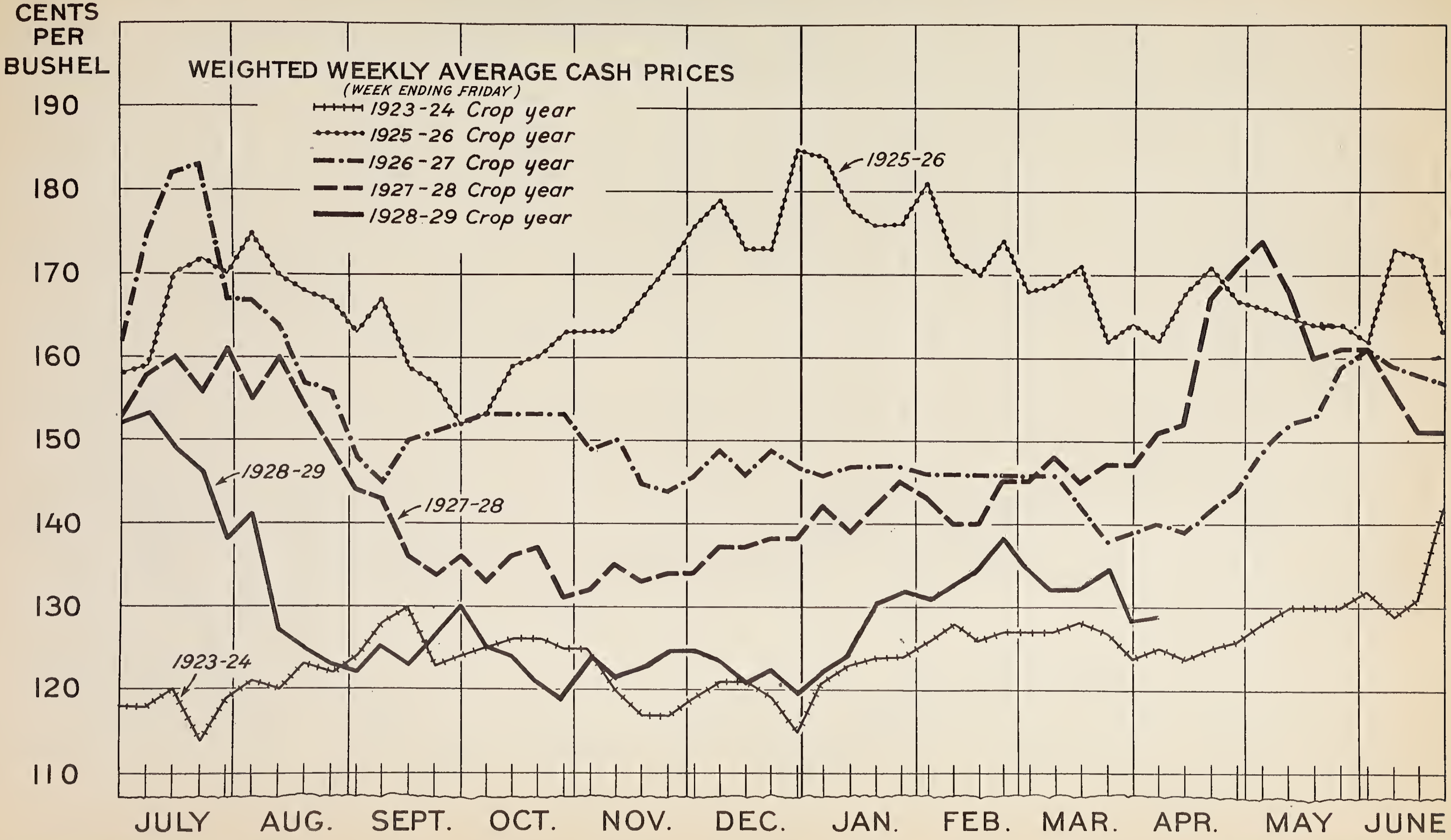
WHEAT: PRICE OF NO. I DARK NORTHERN SPRING AT MINNEAPOLIS 1923-24, 1925-26 — 1928-29



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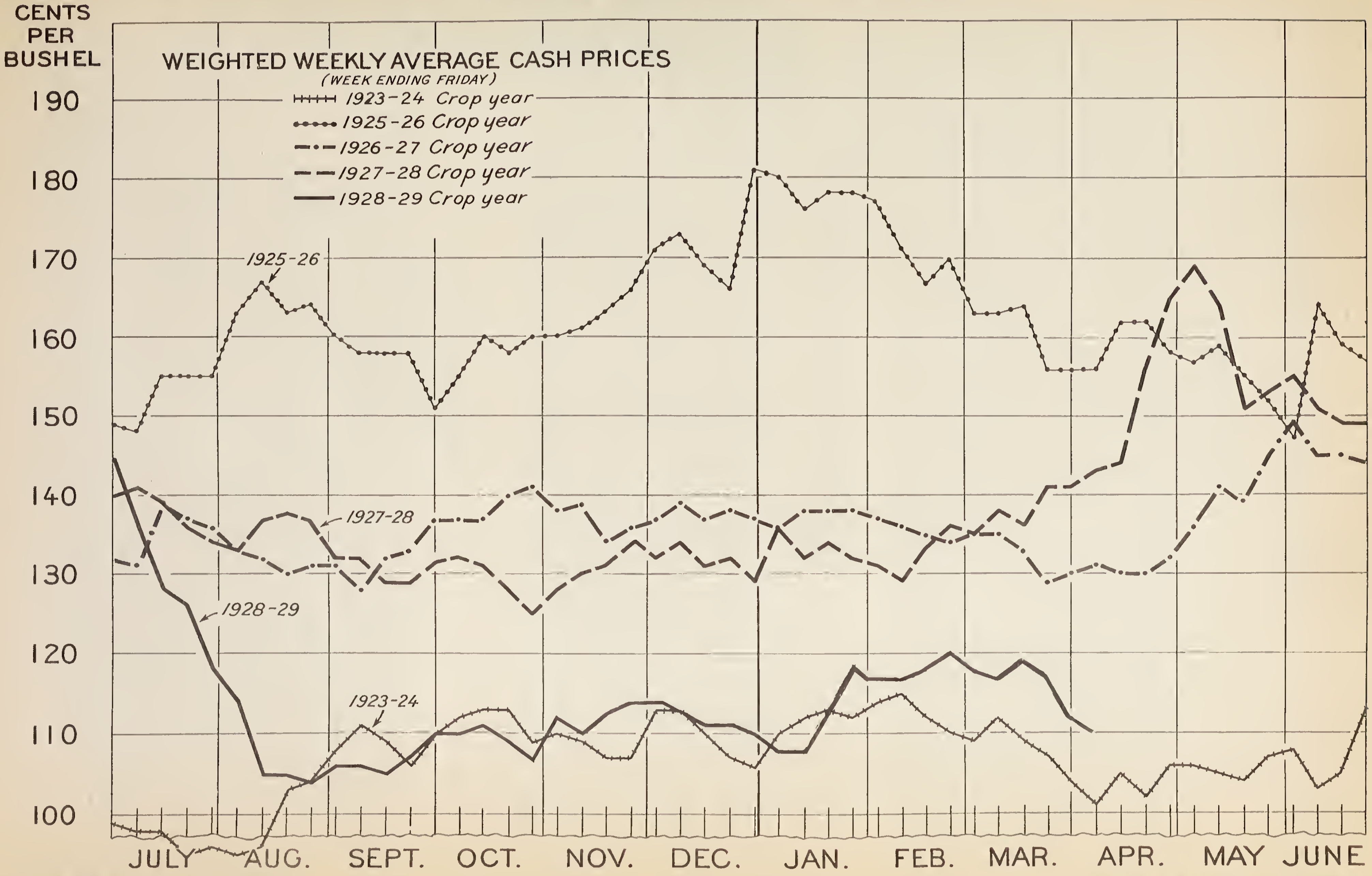
WHEAT: PRICE OF NO.2 HARD WINTER AT KANSAS CITY 1923-24, 1925-26—1928-29



U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release May 15, 1929

THE PRICE SITUATION, MAY, 1929

FARM PRICES

The general level of prices received by farmers was about 2 points lower on April 15 than on March 15 and was also 2 points lower than it was a year ago. Lower prices for cotton, grains, fruits and vegetables, eggs, butter and wool were responsible for the decline in the index. Slightly higher prices for livestock and chickens partly offset the declines. Since April 15 there have been further declines in grains, cotton, wool and butter. Potato and apple prices have advanced considerably, but hogs and lambs declined, particularly the latter, with cattle prices slightly higher. These recent changes indicate that the average of prices received by producers at the present time is lower than on April 15, and is likely to remain so during the next few weeks.

THE GENERAL COMMODITY PRICE LEVEL

The trend of the general commodity price level has been downward since last September and is now at the lowest point in the last 18 months. According to the Annalist weekly index, the average of all commodity prices at the wholesale markets was 143.1 on May 7 compared with 145.7 a month ago and 152.5 a year ago. During April farm product prices declined while food products averaged higher at the end of April than at the beginning, but both groups declined further in the first week of May. Textile products, fuel, and metal products and building materials also averaged lower than at the beginning of the month, a situation contrary to the advancing tendency in these nonagricultural groups prior to April and possibly suggestive of a less active demand.

BUSINESS CONDITIONS

The general business situation continues to be dominated by the unusually high rate of activity in the iron, steel and automobile industries, and continued high rate of textile production. Building construction in April apparently increased seasonally over March and about equaled last year's level, when measured in terms of contracts awarded. The distribution of goods by railroads also expanded but reflected mainly the demand for coal and ore arising from the high rate of iron and steel production. The tendencies in the credit situation have not changed materially during April. Reserve banks continued to decrease their holdings of United States securities, thus withdrawing funds from the money markets, and member banks have continued to call on the Reserve system to the extent of around a billion dollars of discounts, compared with about 450,000,000 last year and about 600,000,000 during the peak of business activity in 1925 and 1926. Interest rates advanced still higher during April and industrial stock prices recovered from the end of March recession.

From the standpoint of domestic demand for farm products, particularly meats and dairy and poultry products, the important considerations in the prospective business situation are the high cost of credit with which to carry on the present large volume of activity in basic industries and the reasonable likelihood that high rates of activity in key industries will not continue indefinitely. On the latter point it may be observed that the advance in steel mill operations during the past six weeks was at a slower rate than the advance during the first two months of this year.

WHEAT

Wheat prices continued to decline into May but the decline now seems to have been checked. Farm prices the middle of April averaged 99.8 cents per bushel, a decline of 5 cents from the middle of March. Market prices indicate that farm prices for May will average considerably lower. All classes of wheat have participated in the decline. Soft red winter has dropped farthest; the price of No. 2 soft red winter at St. Louis dropped from an average of 130 for the week ended April 12 to 118 cents per bushel for the first week of May. All classes of wheat are now on about the same level as at the corresponding point in the 1923-24 season.

The recent drop in prices appears to have been due to concern over the prospects of ending the season with an increased carryover, and harvesting another good crop of wheat. In the United States the large visible supply in the face of an increase in the area of winter wheat to be harvested has made a great impression upon the wheat markets. Some increase in the world carryover seems certain but most of it will be in the United States. The present prospects are for a fairly good crop of winter wheat in the United States, but the outturn of the world's crop is still very uncertain. A realization of only average yields in some of the important producing countries would result in a crop enough smaller than last year to offset the increase in carryover.

Looking forward to next year, the tendency for world consumption to increase should not be overlooked. Beginning the year with an increase of nearly 250 million bushels in supply, the disappearance of wheat to date appears to be something over 100 million bushels in excess of the disappearance in the corresponding period of last season. The supply for the present season has been about 8 per cent greater than for the 1923-24 season and has sold at slightly higher prices. This indicates that should the world supply of wheat for next season be as great as it has been for the present season prices would probably average a little higher.

Prices of wheat to some producers in the United States may be affected by changes in the production of the kind of wheat they produce. Conditions as of May 1 indicate a soft red winter wheat crop considerably larger than last year and the supply for the next season may be large enough to hold the price of soft red winter wheat very close to the world market basis or on a level with the price of hard red winter wheat for a part of the year at least. The indicated reduction in the production of hard winter wheat, on the other hand, will be offset largely by an increase in carryover and the price of this wheat will remain close to an export basis. Reductions in freight rates may

stimulate exports and tend to bring the prices of all wheats in the markets of the United States closer to Liverpool prices.

Prices of all classes of wheat are likely to fluctuate greatly with reports of crop prospects in the next 2 months. It now seems fairly certain, however, that wheat prices in the United States are at about the low level for the current season. There is now evidence of a tendency for prices to rise but heavy marketings of new wheat and favorable crop reports may again temporarily depress prices. Reports of prospects for the Canadian crop will be an important factor in determining the course of prices through the next few weeks. Indications that an average or less than average crop in Canada were fairly certain, would raise the spring wheat price level for the beginning of the next season and strengthen the market for all wheats.

CORN

During the past month corn prices have fluctuated within rather narrow limits, averaging slightly lower for April than for the preceding month. The United States average farm price on April 15 was 87.5 cents per bushel which was 1.2 cents below that of the previous month and 4.4 cents below the price of April 15, 1928. The lower prices on April 15 as compared with those of a month previous were general throughout the country except in the South Atlantic and South Central States where there were increases which averaged about 2 cents per bushel.

Corn prices at the principal markets averaged about 2 cents per bushel lower in April than in March, the average price of all classes and grades at 5 markets being 86.9 cents per bushel in April compared with 89.0 cents the previous month. At Chicago No. 3 yellow averaged 89.8 cents per bushel which was 4.3 cents below the figure for the previous month and 16.1 cents under that of April 1928. At Kansas City No. 3 yellow averaged 85.0 cents per bushel or 2.6 cents less than in March 1919, and 7.4 cents less than in April 1928. The course of corn prices from the latter part of March to the first week of May showed no marked trend, No. 3 yellow at Chicago averaging about 90 cents per bushel. Subsequently there was a sharp decline which carried the average for the week ended May 10 to 87.7 cents per bushel, or 2.3 cents below the previous week.

Primary receipts from November 1 through April have been 180 million bushels this crop year against 194 million last season and an average of 155 million in the corresponding period of the last 5 years. Commercial stocks at 26 million bushels the close of the week ended May 11 were about 8 million less than a year ago and 9 million bushels less than for the week ended May 14, 1927. As is to be expected at this time of year stocks are decreasing quite rapidly, having fallen from a peak of 38 million bushels March 23 to 26 million in 7 weeks. This year's decrease of 12.3 million bushels compares with a decrease of 16.4 million during the corresponding 7 weeks period of last year and 14.7 million for 1927.

Consumption of corn at the primary markets so far this season appears to have been less than it was last season but more than it was the season before last. The foreign situation remains relatively strong as is indicated

by the fact that Argentine prices are very little under Chicago. For the 5 weeks ended May 3 the price of May futures at Buenos Aires averaged only 6 cents under May futures at Chicago, while last year for the same period they averaged 19 cents under Chicago prices.

During the next few months corn prices in the United States should depend largely on the prospects for the new crop in the United States and to a lesser degree upon prospects for the production of other feed grains in the United States and in Europe. Evidences of the size of the recently harvested corn crop of Argentina may also be of some importance. While none of these can be foretold with certainty at the present time it is worth noting that the late spring in Europe has been unfavorable for the new crop. In Germany the official report as of the beginning of May indicates both unusually great winter killing of fall sown barley and unusually poor condition of the crop. If prospects for this year's harvest of feed grains in the United States and Europe are no better than average, corn prices at Chicago may be expected to improve somewhat by midsummer if not before, but unless the prospects are poor, prices this summer cannot be expected to rise much nor to average nearly as high as they did last summer.

POTATOES

The decline in prices of old crop potatoes which set in during the latter part of March and first part of April terminated during the second week of April. On April 15 the average farm price was 55.3 cents per bushel, compared with 58.4 on March 15 and 116.8 a year ago. After the middle of the month prices of old crop potatoes advanced considerably, losing only part of the gain during the first week of May. The rise was most marked in the eastern markets, prices at New York advancing from a level of $1.25-$1.30 to $1.80-$2.00 per hundred pounds. This general upward trend appears to have been due to the restricted market supplies occasioned by the recent very low prices and probably to reduction in merchantable holdings because of waste and liberal feeding to livestock.

Prices of new crop potatoes made steady advances during most of April but weakened in the last week and continued to decline during the first part of May.

The potato markets in the next two months will be influenced very largely by the movement of the early potato crop from the Southeast and the Eastern Shore. This year's production, according to present indications, will fall far short of the record crop of last year, the forecast of production for 10 early producing States being 23 million bushels compared with 37 last year. Last year's early crop, with prices of old potatoes (at Chicago) averaging around $1.50 per 100 pounds brought growers a price of about 65 cents per bushel at the farm. The price that growers will receive this year for their marketings of the next 2 months is likely to be considerably higher than last year's level because the effect of the greatly reduced production of early potatoes may be only slightly offset by the present level of prices of old potatoes.

In judging the course of prices during the next 2 or 3 months it may be significant to observe the following facts. In each of the past 8 years prices

of early potatoes followed a general downward trend from May through July. In each of these years the June price level was lower than in May and with the exception of 2 or 3 years the July prices were also lower than in June. The exceptions for July were 1921 and 1925 when the July prices showed an advance over June and 1923 when the average price in July equaled that of June. The outstanding fact which tended to maintain the level of prices in these 3 seasons, after June, was apparently the light early crop. From present production prospects the early crop in 10 of the early producing States may be considered light. For the balance of the early producing States the only indication available so far is the intended reduction in acreage.

COTTON

Cotton prices have followed a course generally downward ever since March 9 when the price of middling spot cotton at the 10 designated markets was 20.30 cents per pound. During the first half of April the price held about steady but in the latter part of the month it declined, reaching 17.86 cents on April 29, which was 2.44 cents below the March peak. The price recovered to 18.38 cents by May 4 and then declined again, reaching 18.02 cents per pound on May 10. The price received by producers averaged 18.5 cents per pound on April 15 compared with 18.8 centsfor March and 18.7 cents a year ago.

Weather in the cotton belt was generally clear during the first part of April but more rain occurred during the latter part of the month and temperatures were mostly low. The first week in May was cloudy and wet in the eastern belt and dry with sand storms in the extreme west. Temperatures were generally low and winds severe, according to reports of the Weather Bureau. The wet weather during March which delayed field work also retarded the sales of fertilizer, but sales have been much greater during April than usual, so that the sales of fertilizer tags in 8 important cotton States for the season December through April are 96 per cent as great as for the corresponding period last year.

Apparent stocks of American cotton in the United States on May 1 were 4.4 million bales compared with 5.5 million on April 1 and 5.2 million on May 1, 1928. American cotton in European ports and afloat for Europe on May 3 totaled 1,772,000 bales compared with 1,878,000 a year earlier, according to the Commercial and Financial Chronicle.

Exports of cotton from the United States in April were slightly lower than they were in April last year. Among the major importing countries, France, Italy and Japan took more than they did the same month last year. Exports during April totaled 453,591 bales compared with 555,986 for March and 467,318 for April last year. This tendency for exports to be lower than they were for corresponding months last year has existed since February. The total for the season to April 30, however, is 7,197,652 bales or 1,011,730 above last year.

The cotton textile industries of Germany and other Central European countries appear to be only moderately active with competition keen. In France and Italy these industries remain much more active, while in Great Britain conditions appear only fair. Reports covering March and early April from Japan and China indicate that the textile industries there are very active and there is a strong demand for finished goods, although stocks of raw cotton, especially of the lower grades, are plentiful.

Domestic cotton consumption remained at a high level during April, being 631,710 bales or practically the same as for March, compared with 524,765 bales in April 1928. This makes the total consumption for the season to date 5,313,979 bales against 5,306,459 bales for the corresponding months last year. It will be recalled that this season started with consumption at a low level, and by the end of December the total was 258,378 bales below that for the previous season.

Cotton textile production was 284 million yards during April compared with 298 million during March, according to reports of the Association of Cotton Textile Merchants. Sales, however, were less well maintained, falling from 358 million yards for March to 203 million for April. Unfilled orders fell from 505 million yards on April 1 to 430 million on April 30 and stocks rose slightly. Although this brings unfilled orders to the lowest level since last October, they still remain higher than for any month between October 1927 and October 1928.

WOOL

Wool prices continued to decline during April. The average price to producers on April 15 reported for the United States was 33.8 cents per pound, or 1.7 cents below that of the previous month. For California the price was 3 cents lower, for Texas it was 5 cents lower and for the South Central States as a whole it averaged 3.6 cents lower. At Boston the declines between April 6 and May 4 varied from 1 to 7 cents on fleece wools, scoured basis, and from 2 to 8 cents on territory wools, scoured basis. The declines were greatest on 48's, 50's ($\frac{1}{4}$ blood), but were nearly as great on 56's (3/8 blood). In each grade the prices for combing lengths fell more than for clothing lengths. Boston prices of 64's, 70's, 80's (fine) fleece grease wools averaged 41.9 cents for April or 7.6 cents lower than the price for April last year, and the prices for corresponding grades of territory wools (scoured basis) averaged 104.5 cents, or 12.7 cents lower than for last April. On 56's (3/8 blood) strictly combing fleece wools the price averaged 50 cents per pound, grease basis, or 2.8 cents below the price a year earlier, and corresponding grades of territory wools averaged 95.2 cents, scoured basis, or 10.3 cents lower than for April 1928.

The third series of the London wool sales opened on April 30 with prices of most grades of wool 1 to 2 cents per pound lower than they were at the close of the previous series, March 21. In the past year there has been a marked increase in the margin of Boston over London prices for medium wools. Recent price changes have narrowed this margin considerably, however.

Consumption of combing and clothing wools by reporting mills during March totaled 35.6 million pounds or 1.6 million pounds more than for March last year, and 1 million more than the 5 year average for the month. Imports of clothing and combing wools, however, declined to 14.4 million pounds during March, as compared with 16.2 million for the same month last year and a 5 year March average of 25.6 million pounds. February imports of 15.6 million pounds of combing and clothing wools were 4.2 million greater than for the corresponding month of the previous year.

As reported last month, receipts of wool at the foreign primary markets have been considerably greater this year than they were last year. The increases in disposals have not been as great as the increases in receipts however, and stocks have been increased. In Australia the stocks on April 1 amounted to 91,000,000 pounds compared with 19,000,000 on April 1 last year, and in Argentina there were 11,000,000 pounds at the Central Produce Market on March 26, compared with 3,402,000 pounds on the corresponding date in 1928.

Production conditions which will have a bearing on the next clip have not improved materially for Argentina, but for Uruguay and New Zealand they remain favorable, while for South Africa and Australia they have improved. Sheep numbers in New South Wales, which supports about half the sheep in Australia, were 8 per cent larger on January 1, 1929 than on the corresponding date in 1928, and recent reports point to improved pasture conditions in all States, although South Australia is still in need of rains.

CATTLE

Cattle prices continued to advance during April, most of the advance coming in the first half of the month. At the end of the month most kinds of slaughter cattle and stocker and feeder cattle were nearly $2.00 a hundred weight higher than at the low point about the first of March and all kinds and grades of cattle were higher than at the end of April a year ago. Prices for certain kinds of cattle, notably low grade cows and stocker and feeder steers, are not only at the highest level since the war but are near the highest levels ever recorded.

This high level of prices was maintained in the face of fairly heavy supplies. Cattle receipts at 7 leading markets were 6 per cent larger than in April 1928, and were only 2 per cent smaller than the 5 year average for April. Inspected slaughter was 6 per cent larger in April this year than last but was 7 per cent below the 5 year average April slaughter.

The movement of stocker and feeder cattle from 12 markets into the 7 leading feeding States in April was over 20 per cent larger than in April 1928, in spite of the high level of prices. The movement for the 4 months, January to April inclusive, however, was 13 per cent smaller than last year.

The advance in prices on grain finished steers has brought the level of prices of these kinds of cattle high enough to be profitable for most feeders who are now marketing. The feeders who are finding present prices unprofitable are those who are marketing heavy, long fed steers that were bought at the peak

of feeder prices last fall. Feeders of low grade cattle apparently are having the most satisfactory outcome from their feeding operations.

Cattle supplies during May and June are expected to be about as large as during these months in 1928. With the present level of prices considerably above last year it hardly seems probable that any further large advance will take place before July 1; nor is there reason to expect any decline from present levels.

If the fat cattle market continues strong with advancing prices, and corn prices continue at the comparatively low levels now reached, there will be a considerable incentive to put cattle on feed for the late summer market. Any extensive movement of this kind may increase considerably the supply of grain finished cattle for the summer and fall market above present indications, and change the prospects for a high market at that time.

LAMBS

Fed lamb prices, after reaching the highest point of the fed season about the middle of April started to decline rapidly and by the end of the month had reached the lowest level since the first of January. The top on fed wooled lambs reached $18.10 at the high point and declined to $15.65 by the last of the month and by the end of the first week in May to $16.00. Comparable declines were made by shorn lambs and fat ewes, and to a lesser extend by spring lambs.

The break in lamb prices can be explained by the big increase in supplies. Receipts at 7 leading markets during April were 23 per cent larger than in April 1928. Inspected slaughter was 22 per cent larger and was the highest for April in 15 years and the second largest for the month on record. This increase in supplies was due to the heavy late movement of fed wooled lambs from Colorado and western Nebraska and of fed shorn lambs from commercial feed lots and the unexpected heavy eastern shipments of California spring lambs. The prevailing opinion around the first of April was that the eastern movement of California springers would be delayed somewhat but developments in the feed situation about the middle of April made both sellers and buyers anxious to move the lambs. Loadings were heavy with the result that eastern shipments during the month were twice as large as in April 1928, and the largest ever recorded for the month.

Market supplies of sheep and lambs in May and June are expected to be larger than during these months in 1928, due to the larger lamb crop and favorable development and prospective early movement in the southeastern early lamb area of Tennessee, Kentucky and Virginia. Increased supplies of lambs from this area and of grass fat sheep from Texas will more than offset probable decreases in supplies during these 2 months from California, Idaho and Oregon.

HOGS

Hog prices were comparatively steady throughout April, with the weekly averages at Chicago fluctuating from $11.37 to $11.50. Beginning with May, however, prices started gradually downward and the Chicago average for the week ended May 11 was $10.93. Last year the weekly average advanced from $8.04 at the beginning of April to $10.06 at the close, then declined to $9.58 by the fourth week in May and from this point advanced until the peak of the year was reached in mid-September.

Contrasted with the 29 per cent decrease in inspected slaughter in March as compared with the record March slaughter last year, April slaughter showed an increase of 9 per cent over that of April 1928, which was slightly less than the average for the previous 5 years. Slaughter at 9 important centers for the 2 weeks ended May 11 was about the same as for the corresponding 2 weeks last year.

Prices of pork products, like those of hogs, were maintained through April at about the levels established around the middle of March, although prices of pork loins have fluctuated considerably. The condition of the lard market is a weak spot in the present hog market situation. Lard prices have been at the lowest levels of the year for the past 5 weeks and packers apparently are finding it difficult to sell lard either at home or abroad at present prices.

Stocks of lard on May 1, were the largest on record for that date, being 3 per cent larger than on April 1, and 6.7 per cent larger than a year ago. Stocks of pork were practically the same as on April 1, but were 4 per cent less than a year ago.

Exports of both pork and lard fell off in February and March as compared with the corresponding months of last year. In the early winter they were considerably larger than for the corresponding period of the previous winter. For the 5 months ending with March total exports of pork and lard combined exceeded those of the same period a year ago by 7.5 per cent.

Total production of pork and lard from inspected slaughter in the first 5 months of the present crop year, which began with November 1928, was 3.4 per cent less than in the corresponding period of the previous crop year; while total disappearance in domestic channels declined 4.6 per cent. The decrease in the domestic disappearance of lard alone amounted to 13.4 per cent or 56 million pounds. This is equivalent to about 31 per cent of the amount in storage on May 1.

Hog prices are likely to show further weakness for the next few weeks as receipts are increased by the marketing of hogs from last fall's pig crop. The decline, however, is expected to be moderate with the low point reached sometime in June. This is expected to be followed by the usual summer rise, and since hog prices are now on a higher level than a year ago it is probable that the summer peak may exceed that of last summer. Market supplies for the remainder of the crop year ending with October are expected to be somewhat less than last year and it is doubtful if so large a proportion of the summer and fall receipts will arrive in the latter half of September and the month of October as was the case last year.

BUTTER

Butter prices during April were unusually stable. The price of 92 score butter at New York was 46.5 cents on April 1, declined to the low for the month of 44.5 cents by April 9, rose to 45.6 cents by April 22, and closed the month at 45.5 cents. Prices declined sharply in early May and were 43.5 cents on May 9. The average price for the month was 45.4 cents compared with 45.5 cents in April 1928 and 43.2 cents for the 5 year average. The average farm price of butterfat in Minnesota, Wisconsin, and Iowa on April 15 was 49.3 cents, compared with 48.3 cents on April 15, 1928 and 46.1 cents for the 5 year average. The average farm price of butter in the 7 Southeastern States on April 15 was 39.7 cents compared with 39.6 cents on April 15, 1928 and 39.1 cents for the 5 year average.

Receipts at the 4 principal markets were 54,350,000 pounds for the month compared with 50,342,000 pounds a year ago. Cold storage holdings are increasing and were 5,860,000 pounds on May 1 compared with 5,109,000 pounds a year ago, and 5,535,000 pounds on April 1 this year.

European butter markets continued weak with prices considerably below those of last year. The Copenhagen quotation on April 25, equivalent to 32.6 cents, was more than 10 per cent lower than that of a year ago. Present indications are that New Zealand production will continue heavy, and Australian production will reach the high level of last year. Production in Europe is increasing somewhat earlier than usual this year.

Production during April appears to have been well above that of last year despite unfavorable weather in certain sections. With ordinary conditions production will increase materially during May and probably be above that of May a year ago. Present indications are that May prices will be below the average of 45 cents for 92 score butter at New York last year, and that June prices will probably be below the average of 44.1 cents for June 1928.

EGGS

Egg prices showed little change during April. Except for a short period in the middle of the month fresh firsts at New York were 27 to 28 cents until the last 2 days when there was a rise to 28-28.5. The April average was 27.6 cents while that for March was 32.7 cents and for April last year, 28.4 cents.

April was favorable to production, receipts at the 4 main markets being nearly 10 per cent greater than last April. However, the effect of the late season is shown in the receipts to date which are 5.9 million cases as compared with 6.3 million last year and the 5 year average of 6.0 million cases. It is as yet uncertain whether production this year will increase to equal that of 1928.

Storage supplies are increasing rapidly, though the late start keeps them considerably lighter than usual. Holdings on May 1 totaled 4,023 thousand cases as against 4,515 thousand on the same date last year and the 5 year average of 4,437 thousand.

Though the situation is uncertain, the light storage condition will tend to prevent any material price decline and the present heavy receipts will operate to prevent anything more than a gradual increase. However, if no unforseen factors occur to affect the normal course of production, May prices and probably those for June also, should average about the same as for May and June last year.

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THE PRICE SITUATION, JUNE, 1929

FARM PRICES

The general level of prices received by farmers on May 15, at 136 per cent of pre-war prices, was 2 points lower than on April 15 and 12 points lower than on May 15 a year ago. Most of the decline was due to lower grain and cotton prices although hog, lamb, wool and butter prices were also lower. These were partly offset by higher prices of potatoes, apples, beef cattle, chickens and eggs.

Since May 15 grain prices declined markedly but recovered somewhat by the second week in June. Potato prices failed to hold the gains of the preceding month, but cattle prices advanced. These recent changes indicate that the general average of farm prices was lower during the last half of May than on May 15, but have since recovered to approximately the level of May 15. During June and July the general average of farm prices usually holds at the May level, or somewhat lower, except for the few years when grain prices recover during the summer months.

THE GENERAL COMMODITY PRICE LEVEL

The general level of commodity prices which has tended downward since last September reached another low point by the end of May. The lower level in May was due largely to the marked decline in grain prices. The first week of June showed slight improvement in the general average, this too being due to a partial recovery in grain prices. According to the Annalist weekly index, the general average on May 28 was 142.7 compared with 144.5 a month earlier and 149.4 in June of last year. On June 4 the index stood about a point higher, at 143.9. Wholesale prices of farm products on May 28 averaged 135.8 compared with 141.4 a month earlier and 151.9 a year ago. In the first week of June the index of farm products recovered to 138.5, the same level that prevailed during the middle of May. During recent weeks the average of food prices has remained practically unchanged. Prices of textile products and of building materials declined slightly and metal prices also were lower in May than in March and April.

BUSINESS CONDITIONS

The outstanding features of the general business situation are still the record rate of activity in the iron and steel and automobile industries, the high level of interest rates, the large volume of credit used in speculative activity, and the maintenance of construction at a level below that of last year. The large volume of automobile production appears to be the chief stimulating factor in the record output of iron and steel as well as

in the increased volume of freight traffic handled by the railroads. Factory employment and payrolls which in April increased contrary to the usual seasonal trend, have apparently been maintained at the recent levels. This increased buying power is being reflected in a 2 per cent increase in retail sales for both April and May.

Interest rates except those on call loans in May averaged higher than in April and considerably above those of a year ago. Apparently the general credit situation is helping to check the volume of construction, particularly of residential construction. Industrial stock prices declined sharply during the latter part of May but recovered about half of the decline by the end of the first week in June. In the past month banks reduced the volume of their investments and loans on securities, but maintained loans for commercial and agricultural purposes at recent levels.

From the present high rate of industrial activity there is undoubtedly developing a volume of consumer buying power which will sustain the consumer demand for the farm products during the summer months. However, output among such basic and far reaching industries as the iron, steel and automobile industries is at a level not likely to be maintained, especially in face of high interest rates. Insofar as the trend in prices is associated with prospective business conditions, it may be observed that there has recently been a downward trend in prices usually sensitive to anticipated slackening in industrial activity. Some reduction in domestic consumer demand may therefore develop later in the season.

WHEAT.

Cash wheat prices continued to decline into the last week of May and then turned upward. Farm prices as of the middle of May averaged 90.1 cents per bushel, a decline of 9.7 cents from the middle of April. The average of all classes and grades at six markets declined from 103 cents a bushel, the week ended May 17, to 95 cents the last week in May. All classes of wheat shared in the decline. Likewise all classes have shared in the rise in prices in the early part of June. As indicated last month, the drop in prices was largely due to concern over the large stocks on hand and prospects of harvesting another good crop of wheat.

Wheat areas estimated in the 22 countries reporting to date total nearly 141 million acres, nearly 6 millions or 3.8 per cent greater than last year. This accounts for about 56 per cent of last year's acreage. Of this increase in area, however, 4,200,000 acres are in the United States due to only a small abandonment. Furthermore, these figures do not take into account the more extensive winter killing reported in Europe, for which we do not have definite estimates. Drought is retarding seeding in Argentina. The area to be harvested throughout the world may yet turn out to be little if any greater than last year.

The prospect still is for some increase in carryover on July 1. The increase may amount to 125 to 150 million bushels and most of this will be in the United States.

The early forecasts of production in the United States, India, Mexico and Morocco all indicate crops somewhat larger than last year, but present conditions in several other countries indicate smaller crops.

According to the Canadian official report for June the condition of spring wheat is equal to the ten year average. The average yield of all wheat for the past ten years was 17.1 bushels per acre. The amount of rainfall has been small for the season to date and since the amount of subsoil moisture will become more important as the season progresses this will very probably result in a low or only average yield per acre. Despite a slight increase in the acreage, normal or less than normal yields would reduce the Canadian production materially.

The prospects for the crop in some European countries seem very good but in others not quite so good as last year unless conditions continue very favorable for the remainder of the season. Even good yields may not make up for the heavier winter killing in some countries. In Argentina scarcity of rainfall has delayed seeding and seems likely to reduce the production for the coming season. While it is too early to make a very definite forecast of the world's crop, conditions generally now suggest that it may be at least 5 per cent less than last year.

Should the world crop outside of Russia and China turn out to be 5 per cent less than last year, this reduction would more than offset the increase in carryover and reduce to that extent the world's supply. Other conditions remaining the same, the increase in world demand would then result in some increase in the average world market price for the season over the average for the past season.

Should the world supply turn out to be as indicated above, the prices of all classes of wheat in the United States would be strengthened as compared with the average for the past year excepting possibly soft red winter. In the past year No. 2 soft red winter in St. Louis has sold at an average of 20 cents above the price of No. 2 hard winter wheat at the same market, and the monthly differences have ranged from 31 cents in September to 9 cents in May. This may be taken as an index of the higher prices paid for soft red winter wheat the past year on account of the shortage of the supply of that class of wheat. The June forecast of wheat production by States indicates that the soft red winter wheat crop this year will be close to 200 million bushels as compared with 140 million last year. Since this is more than the usual domestic requirements for this class of wheat, it seems likely that prices of soft red winter will be held close to those of hard red winter in the coming season.

Since the supply of hard red winter (production plus carryover) now seems to be a little larger than in the past season, prices possibly will continue to be fairly closely in line with world market prices and would be favorably affected by a rise in the world price level of wheat prices.

The white winter wheat crop appears to have been reduced and the price of that class of wheat therefore is likely to be well maintained as compared with that of other classes.

The situation with respect to durum and spring wheats is still quite uncertain. The forecast of the wheat crop in Morocco indicates that competition from North Africa may be greater than last year, but this may be more than offset by the reduction in the crop of the United States on account of reduced seedings. The supply of hard red spring wheat is still to be determined. A reduction in the Canadian crop would strengthen the price for this class of wheat in relation to the world market prices for other classes of wheat.

As stated last month the prices of all classes of wheat are likely to fluctuate greatly with reports of crop prospects in the next two months. Heavy marketings of new wheat in the next two months together with favorable crop reports may cause short periods of depression but, should conditions develop in Canada, Argentina and Europe as now seem possible the general level of cash prices is likely to be lifted upward to some extent as the marketing season progresses.

In the past season the course of the prices of most classes of wheat have followed closely that of the 1923-24 season. Crop and market conditions are now similar in some respects to what they were at the beginning of the 1924-25 season. The course of prices in that season is shown in accompanying charts. The marked rise which took place in the fall and winter of the 1924-25 season was caused mainly by a short crop in Canada and reductions elsewhere totalling about 400 millions from the previous season. If the crop this season is only 5 per cent or about 200 million bushels less than last, the rise in prices can not be expected to equal that of the 1924-25 season.

CORN

The United States average farm price of corn on May 15 was 86.2 cents per bushel compared with 87.5 cents a month before. The somewhat lower prices on May 15 as compared with those of April 15 were general throughout the country except in the far western States where there were small increases.

At the principal markets cash prices during May averaged about 2 cents per bushel lower than in April, the average price of all classes and grades at five markets being 84.6 cents per bushel compared with 86.9 cents in April. No. 3 yellow at Chicago, which had averaged 89.8 cents per bushel in April, stood at 90.0 cents per bushel the first week of May. It averaged 87.7 cents the next two weeks and 87.9 cents per bushel the week ended May 24. In the week ended May 31 there was a rapid decline which carried the average for the week down to 84.0 cents. This sharp decline was followed by a similar sharp recovery, and for the week ended June 7 the average was 86.5 cents per bushel.

Primary receipts during May were unusually small, the total for 13 markets being 11.2 million bushels which was the smallest for any month since April 1927, and the smallest for any May since 1923. Commercial stocks were reduced to 14 million bushels at the close of the week ended June 8 - a figure 11 million bushels less than a year ago and 19 million less than two years ago. The visible supply on June 1 was smaller than it has been on a corresponding day of any year since 1924. Up to the first of June this season receipts at 13 primary markets have been 26 million bushels less than last year. During the same period the disappearance of corn at these markets has been about 9

The outlook for corn prices during the next two months has not changed materially from what it was a month ago. Prices will be affected by the prospects for the new corn crop in the United States and, to a lesser degree by prospects for the production of other feed crops in the United States and Europe. The decline of prices during the latter part of May was not an indication of the development of an underlying weakness in the corn price situation, but rather a temporary depression related to the near-panic condition which developed in the wheat futures market. Indeed the lateness of corn planting has strengthened the price outlook. With normal development of crop prospects, cash corn prices may be expected to move upward somewhat during the next two months and to average above prices of the past month.

POTATOES

The farm price of potatoes on May 15 averaged 59 cents or 4 cents higher than on April 15, compared with $1.03 a year ago. The rise in the general average, reflected a considerable advance on eastern potatoes which more than offset the somewhat lower prices in the South and in the Northwest. After the middle of the month prices of old potatoes declined from about $2.00 per hundredweight at New York to $1.35 on June 12 as against $1.05 at this time last year. Prices of early potatoes declined from about $4.50 per hundredweight the first week of May to about $3.00 by the middle of the month, and after a short lived rise in the third week of May continued the seasonal decline which usually accompanies the increased shipments from the southern States.

By June 12 heavy shipments from the early producing States, together with shipments of old stock reduced prices still further, to about $2.30 per hundredweight. This average is about $1.40 below the average of early potatoes during the month of May. Should the heavy movement continue, still lower prices may be expected during June.

During the next two months the level of prices will be very largely influenced by the crop in the second early producing States. Based on June 1 conditions a crop of less than 12 million bushels compared with 18 million last year is indicated. This should tend to strengthen prices after the low levels that may be reached in June. From present indications it seems probable that the level of prices in August may be about twice as high as in August 1928.

COTTON

Cotton prices sagged during the last part of May but recovered quickly in the first few days of June, middling spot cotton at the ten designated markets averaging 18.51 cents per pound for the week ended June 8. The price received by producers averaged 18.0 cents per pound on May 15 or one-half cent lower than a month earlier and 2.1 cents lower than on May 15, 1928.

The Weather Bureau reported rather too much rain and too low temperatures in much of the cotton belt for best crop progress during May, although

the weather was somewhat more favorable except in Texas in the first part of June. Fertilizer tag sales in eight important cotton States from December 1 through May wer 99 per cent as large as for last year.

Apparent stocks of American cotton remaining in the United States were reduced about 1 million bales during May to 3,457,000 bales on June 1 as compared with 4,056,000 on June 1, 1928. Domestic consumption was higher in May than in April, and was essentially the same as in January, which was the peak month for the year. For May it was 668,229 bales compared with 631,710 bales in April, and 577,384 bales in May last year. Exports continue to decline, being 313,003 bales in May, and since they rose during May last year, they were considerably below those of the corresponding month a year ago. For the season to June 1 exports this year were 750,000 bales greater than last year.

Activity in the cotton textile industry in the United States showed some decline in May with a weekly production 3.8 per cent below the previous month and sales were 81.5 per cent of production, according to the reports of the Association of Cotton Textile Merchants. In Continental Europe activity in the cotton textile industries declined in April and early May and yarn sales were mostly below production. There was some improvement in the sales of both yarn and fabrics in Western Europe (where the level has been high) but sales remained unsatisfactory in Eastern Europe. In Great Britain the trade in cotton textiles appears to have been only moderate during April but exports of piece goods were greater than in the same month a year ago. The Japanese cotton textile industry continued very active in April, both production and exports being above the high level of March.

WOOL

Prices of most wools at Boston continued to go lower during May, but the declines did not affect quite so many classes as in the past few months,. Prices tended to hold more steady for the last half of the month than for the first half. Prices fell most on 56's(3/8 blood) wools, the declines amounting to 2 to 5 cents per pound, grease basis and 3 to 9.5 cents, scoured basis. Prices for combing lengths fell more than for clothing lengths. In the first half of May there were declines of from 1 to 5 cents per pound, scoured basis, on all classes of Territory wool of 56's and finer grades and on 48's, 50's, strictly combing. For fleece wools, prices fell throughout the month on 56's and coarser grades. On the first of June 56's (3/8 blood) strictly combing, Ohio and similar grease wools were 44 to 45 cents per pound with prices for clothing lengths about 2 cents lower, while on a scoured basis strictly combing Territory 56's were 87 to 91 cents per pound with clothing lengths 6 to 7 cents lower. On 64's, 70's, 80's (fine) Ohio and similar strictly combing grease wool prices were 40 to 41 cents per pound (5 cents above the clothing lengths) and on strictly combing Territory wool scoured basis, were 98 to 100 cents per pound (5 to 6 cents above the clothing lengths). The farm price of wool on May 15 averaged 31.3 cents for the United States, compared with 33.8 a month previous and 37.0 cents a year earlier. In Texas the May prices averaged 3 cents lower than the April prices. Buying is now reported to be very active in Texas wools.

The level of wool prices abroad continued downward in May, prices in England for both 50's and 64's wools falling about 3 cents per pound. Tops and yarns prices also fell. The decline in wool prices has not stimulated buying at Bradford, as lack of confidence in prices is curtailing buying for future needs and speculation.

Domestic consumption of combing and clothing wool in reporting mills remained high in line with a general high rate of business activity. For April it was 35.7 million pounds, grease equivalent, compared with 35.6 million in March and 28.3 million in April 1928. The imports of combing and clothing wool are falling off and are below last year, being 11,884,000 pounds for April.

Stocks of wool in the primary markets have been reduced considerably during the past month but remain high. In Australia stocks have been reduced from 91,000,000 on April 1 to 41,000,000 pounds on May 1 but are still 33 per cent above last year. Stocks in Uruguay were reduced over 30 per cent but at the Central Produce Market in Buenos Aires, Argentina the stocks of 11,056,000 pounds on March 26 were only reduced to 10,908,000 pounds by May 7. Stocks held in bond at Boston are about 2.5 million pounds below those of last year.

Conditions now appear favorable for the coming clip in Australia, New Zealand, Union of South Africa, and Uruguay but there has been little improvement in Argentina.

CATTLE

The cattle market during May was characterized by the unusually small fluctuation in prices. Not only were the changes in weekly average prices small but fluctuations from day to day were within rather narrow limits. The weekly average prices of beef steers at Chicago were within a range of $13.67 to $13.75 and the ranges of the averages of the different grades were but little larger. The average price of all kinds and grades of cattle was somewhat higher than in May last year and was the highest for the month in ten years. The top on beef steers at Chicago in May 1929 at $15.00, however, was no higher than in May 1928.

Receipts and slaughter of cattle during May continued comparatively small. The receipts at seven leading markets were 10 per cent smaller than in May 1928 and 18 per cent below the five year May average and were the smallest for the month in at least twelve years. Inspected slaughter in May was about 6 per cent below May 1928, and 11 per cent below the five year May average. Receipts of beef steers at Chicago were more than 15 per cent smaller than in May 1928, but supplies of good and choice steers were only 8 per cent smaller. Shipment of stocker and feeder cattle from twelve markets into seven leading feeding States were 8 per cent larger than in May 1928 and the largest for the month since 1924. Most of this increase apparently was in cattle going to pastures in Kansas and Nebraska and not in cattle to be finished this summer on grain. Prices for these cattle were higher than in May 1928, and were little, if any, below the highest level for any month on record.

Reports from western cattle States indicate that cattle and calf losses were not much above normal to the end of May this year in spite of the very severe winter and late spring storms, and the high price of feed and the short supply in some areas. While prices on stock cattle, as reported, are very high there seems to be much less activity than a year ago, and contracting of calves and yearlings for fall delivery has been on a much reduced scale.

While moisture supplies in most of the important cattle States forecast good summer range and pastures, the market movement of grass fat cattle in volume will possibly be a little later than usual due to the slow growth of grass during May in many States, the thinner condition of cattle going onto grass and the relatively light weight of cattle moved into grazing areas. This situation points to relatively small receipts of all cattle during June and July and a continued scarcity of lower grade slaughter cattle. Under these conditions a seasonal advance during June and July on grain finished cattle at least equal to that of last year is to be expected, together with less than the usual seasonal decline on grass cattle. During these months last year the advance on grain finished cattle was about $1.75 per 100 pounds.

LAMBS

Prices of all kinds of lambs declined throughout May continuing the downward movement that started about the middle of April. The decline on old crop, fed lambs, was greater than on spring lambs and relatively greater on shorn fed lambs than on wooled fed lambs. The top price on wooled lambs at Chicago dropped from about $16.65 at the beginning of May to around $15.00 at the end, while with shorn lambs the drop was from $14.50 to $12.50. Top on choice spring lambs dropped from about $17.50 to $16.50. Some recovery was made during the first week in June. While prices during May were below May 1928 and 1927, they were above those of 1926.

In view of the very heavy supplies during May the decline in the lamb market was relatively small. Receipts at seven leading markets were over 20 per cent larger than in May 1928; inspected slaughter was over 18 per cent larger than last May and 21 per cent above the five year May average and the largest for May on record. The large supplies were due to the continued heavy marketings of California spring lambs and the very large late movement of fed lambs from western feeding areas. The total eastern movement of California spring lambs was the largest on record. About 515,000 head of live lambs were shipped east to June 1, compared to a total movement last year to June 15 of 384,000. During May over 200,000 head more fed lambs were shipped out of Colorado and western Nebraska than during May last year and the movement after the middle of May was the largest from these areas since shipments have been recorded.

Receipts of lambs at middle western markets in June will probably be less than last year, but this decrease will be largely offset by increased supplies at eastern markets from the southeastern States.

Supplies in July will depend largely upon developments in the early lamb areas of Idaho, Washington and Oregon. Feed and weather conditions all spring have held back the development of these lambs and the movement to market will be later than usual and the lambs will be below normal quality. Because of the unfavorable outlook for fall and winter ranges, and the prospects for another winter of higher feed costs it is probable that both lambs and old ewes will be shipped freely this summer.

HOGS

After reaching their peak in late March hog prices receded slightly and then held steady until the beginning of May when the usual seasonal decline got under way. The decline however, has been moderate, amounting to $1.08 per 100 pounds from the March high point in the weekly average price at Chicago, and shows indications of having been checked the last week in May when the Chicago average was $10.57. By June 13 the price had recovered to $10.89. Average price for May was $10.81 compared with $9.67 for May last year.

Slaughter supplies have not been greatly different from a year ago. Inspected slaughter in May was only 2.2 per cent less than May last year and for the first seven months of the current crop year which ends with October was only 2 per cent less than in the corresponding period of the previous crop year. Average weights in most months of the current year have been slightly heavier than a year ago so that total pork and lard production for the crop year to date is only about 1.5 per cent less than last year.

Storage stocks of pork on June 1, amounting to 871.4 million pounds, were 5.2 per cent less than the unusually large June 1 stocks of last year. Lard stocks, amounting to 183.7 million pounds were the second largest on record for June, being only 1.3 per cent less than the extremely large stocks of a year ago.

Lard continues to be a depressing factor in the hog market situation. Lard exports in April were only slightly larger than in April 1928. Domestic prices are at the lowest level of the year, averaging 12.5 to 12.75 cents per pound for refined lard in tubs at Chicago, as compared with 13 to 13.5 cents a year ago. Exports of pork products in April were about the same as in April last year.

Prices of fresh prok receded slightly in May in line with the decline in hog prices but were generally somewhat above the prices of May 1928. Prices of cured products on the other hand are essentially unchanged, having declined slightly at Chicago and advanced an equal amount at New York. These products with the exception of hams and picnics are still selling near the levels of a year ago.

Slaughter supplies during July, August and September probably will be little different from supplies in those months last year. October supplies, however, are expected to be somewhat smaller than in last October, since it is not likely that hogs which are normally ready for market in the summer will be held on farms until fall as happened last year.

Hog prices are now showing indications of having reached the seasonal turning point and of beginning the advance which usually takes place in the summer as supplies fall off. Developments in the price situation may be influenced somewhat by the indications shown in the spring pig survey, the results of which are to be released June 25. If there are indications of reduced farrowings this spring that probably will be a strengthening factor in the price situation. Hog prices are now on a higher level than they were a year ago and it seems probable that the rise will carry prices to a higher peak than that of last year. Since it is unlikely that so large a proportion of the summer and fall receipts will arrive during the latter half of September and the month of October as was the case last year, the peak of prices will probably be reached somewhat later than it was a year ago.

BUTTER

The price of 92 score butter in New York was 45.5 cents on May 1. It had declined to 43 cents by May 13, and had remained unchanged to June 7. The price was 43.5 cents on June 10. The spread between 92 score and 88 score butter is now 2.5 cents compared with 1.5 cents on May 1. The average price of 92 score butter for the month was 43.5 cents, compared with an average of 44.9 cents for May 1928 and 42.2 cents for the five year average. The average price of butterfat to producers in Minnesota, Iowa and Wisconsin, however, was above that of a year ago, being 48.3 cents on May 15, compared with 47.7 cents a year ago. In the seven southeastern States the average was 42.7 cents, compared with 40.4 cents a year ago.

Receipts at the four principal markets during May were 70,742,000 pounds compared with 61,424,000 pounds a year ago, and 64,940,000 pounds for the five year average. Cold storage holdings are larger than last year and were 28,428,000 pounds on June 1 compared with 15,952,000 pounds a year ago.

Changes in summer production of butter from the preceding year are largely determined by differences in pasture conditions and the butter-feed ratio from the preceding year. Pasture conditions are much better than a year ago and about the same as 1927. The butter-feed ratio is more favorable for production than either 1927 or 1928 and about the same as 1926. This indicates, with the continuation of present conditions, a production much heavier than a year ago and probably above the summer production of 1927. Prices during June and July will probably be below those of a year ago and close to the prices of 1927

EGGS

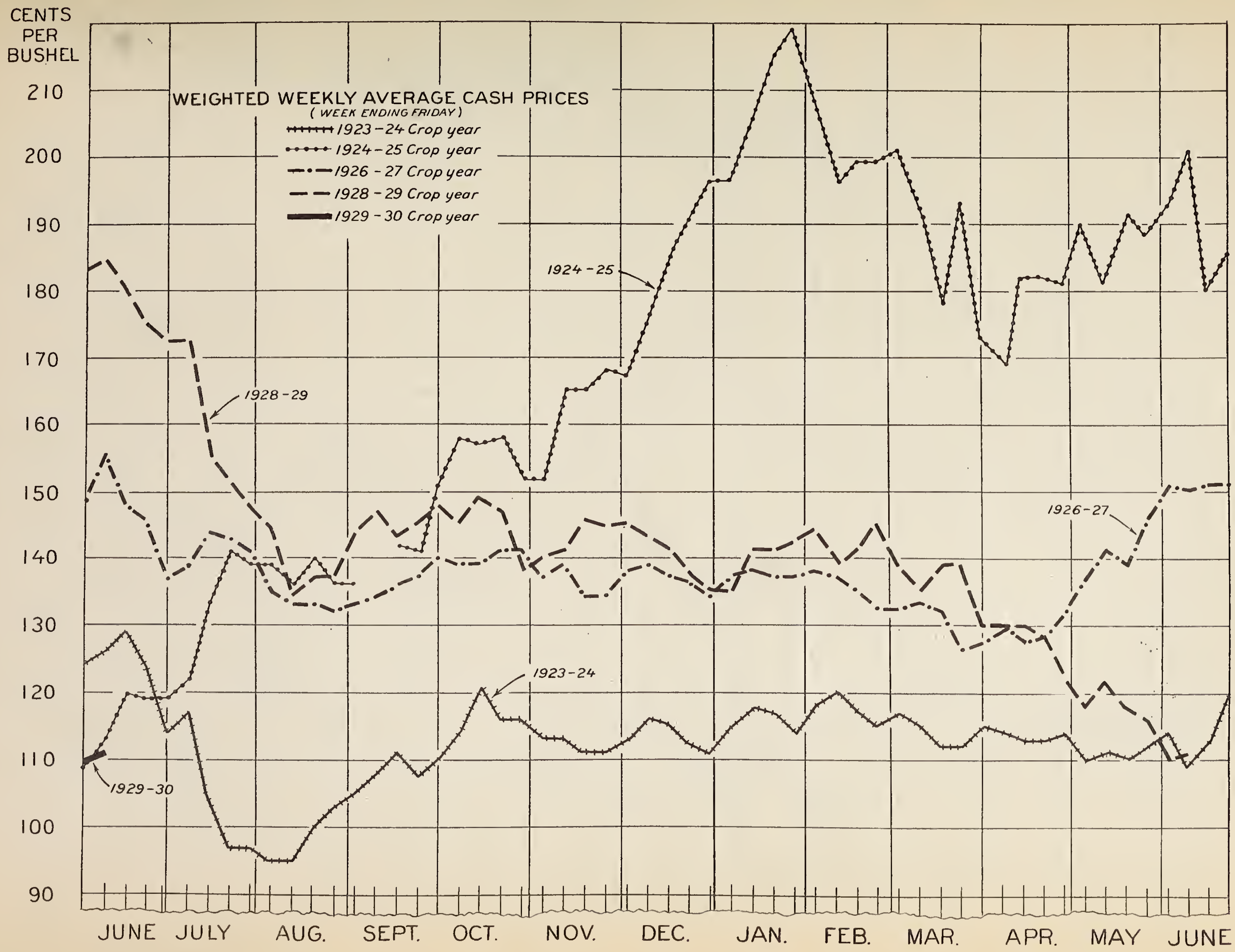
May egg prices rose steadily until near the end of the month when there was a slight decline. The price of fresh firsts at New York rose from 28.5 to 29 cents on May 1 to 32 to 32.25 on May 23. By May 31 the price had dropped a little more than a cent, to a level maintained through the first week in June. The average May price for this grade was 30.9 cents as compared with 27.6 cents for April and 29.6 cents for May last year.

Receipts this month at the four primary markets were about 10 per cent lower than last May. Since the first of the year receipts have totaled 8.1 million cases (by June 1) as compared with 8.7 million for the same period last year and the five year average of 8.3 million cases. June receipts should be somewhat above the low level of last June, but receipts during the remainder of the year will probably be about the same as last year. It is not very likely that the year's total will equal that of last year.

Storage stocks are low. On June 1, 1929 total storage holdings were 6,704,000 cases as compared with 8,168,000 cases on June 1, 1928 and the five year average of 7,791,000.

Conditions now indicate that June prices will probably be above those of last June. Unless abnormal conditions affecting production occur, it is doubtful if prices the rest of the summer will drop below that of last year, while in view of the lower total receipts and small storage holdings, it is very likely that fall prices will be somewhat higher than they were last year.

WHEAT: PRICE OF No. 2 RED WINTER AT ST. LOUIS



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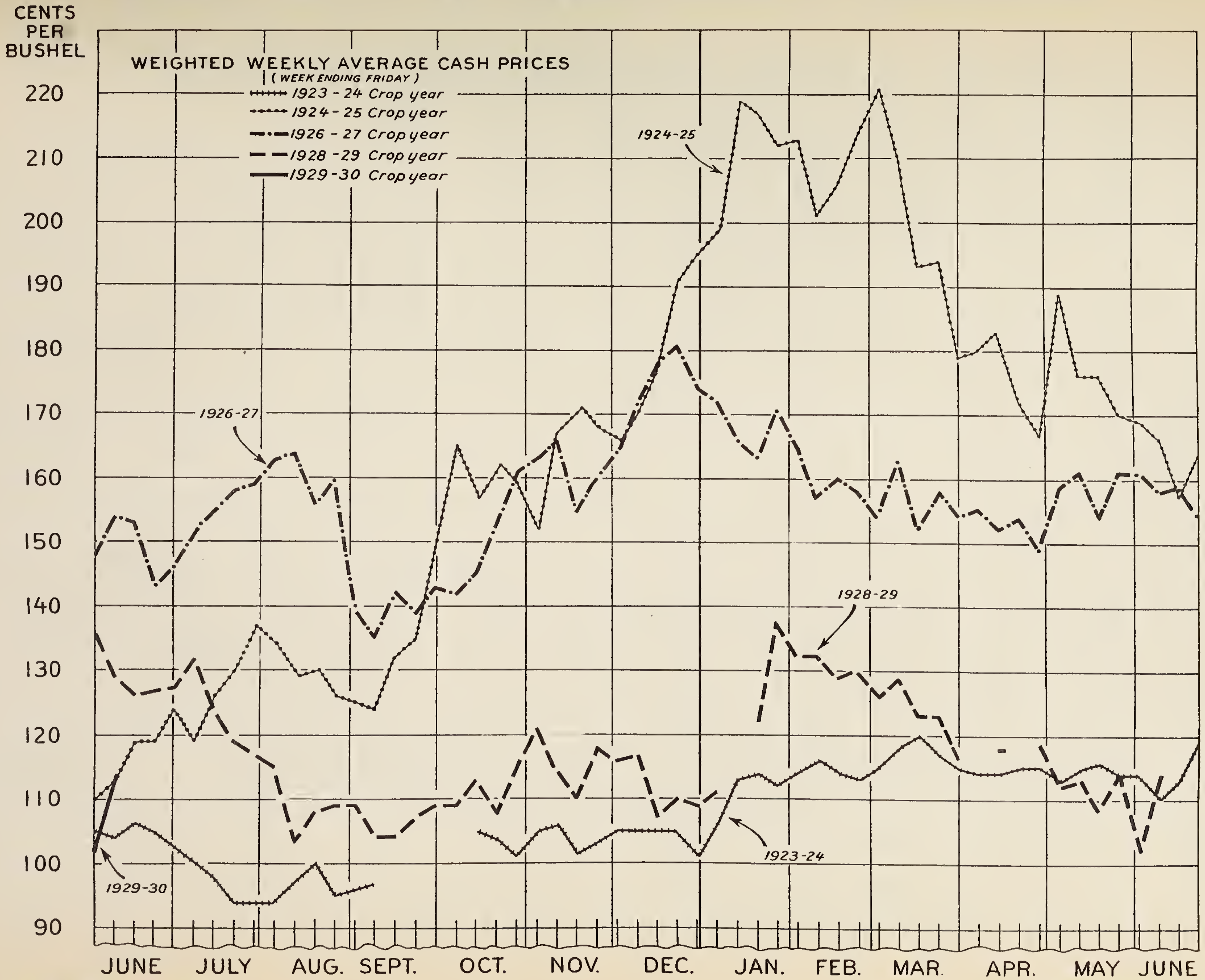
WHEAT: PRICE OF No. 2 AMBER DURUM AT MINNEAPOLIS



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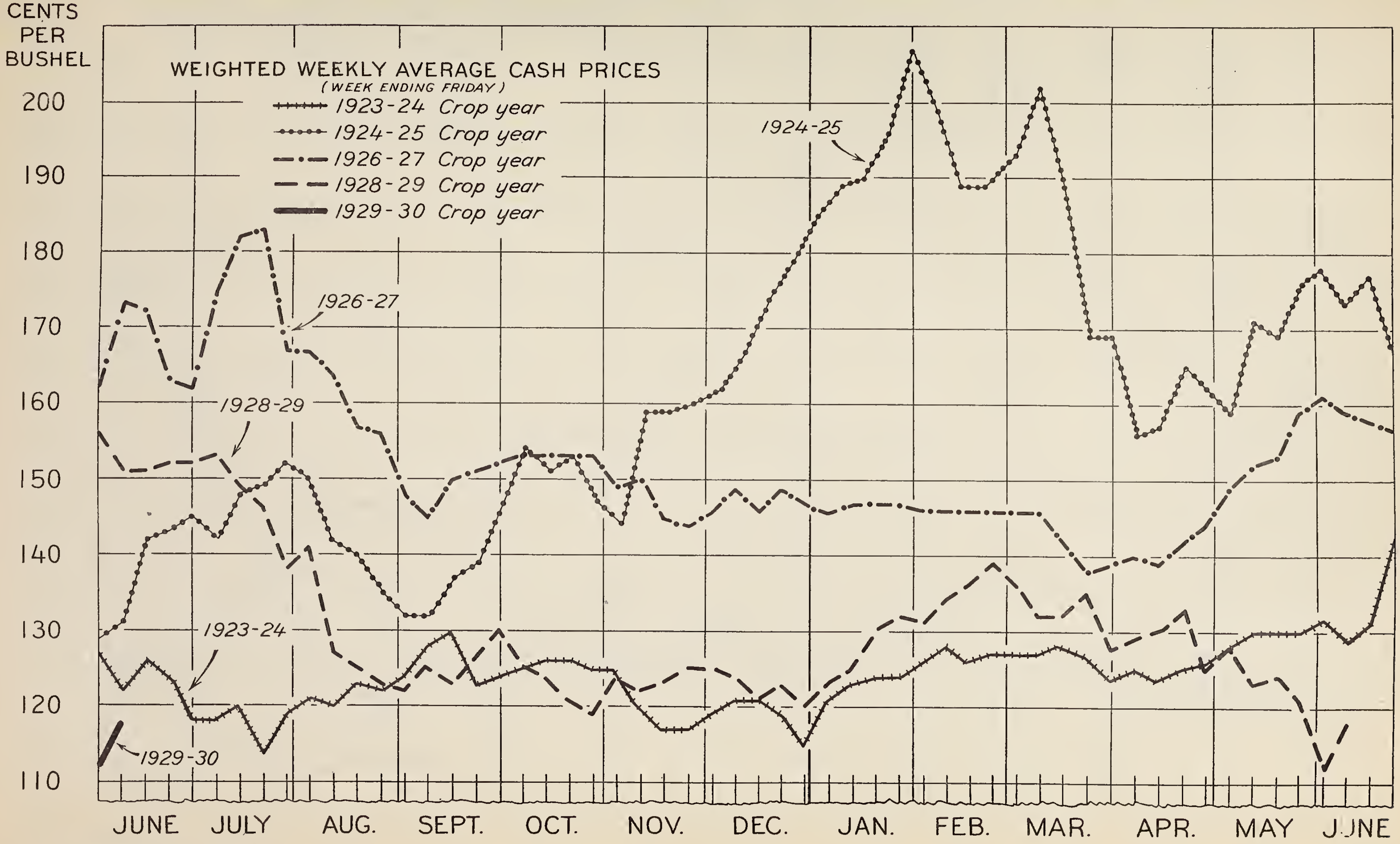
WHEAT: PRICE OF NO. 1 DARK NORTHERN SPRING AT MINNEAPOLIS



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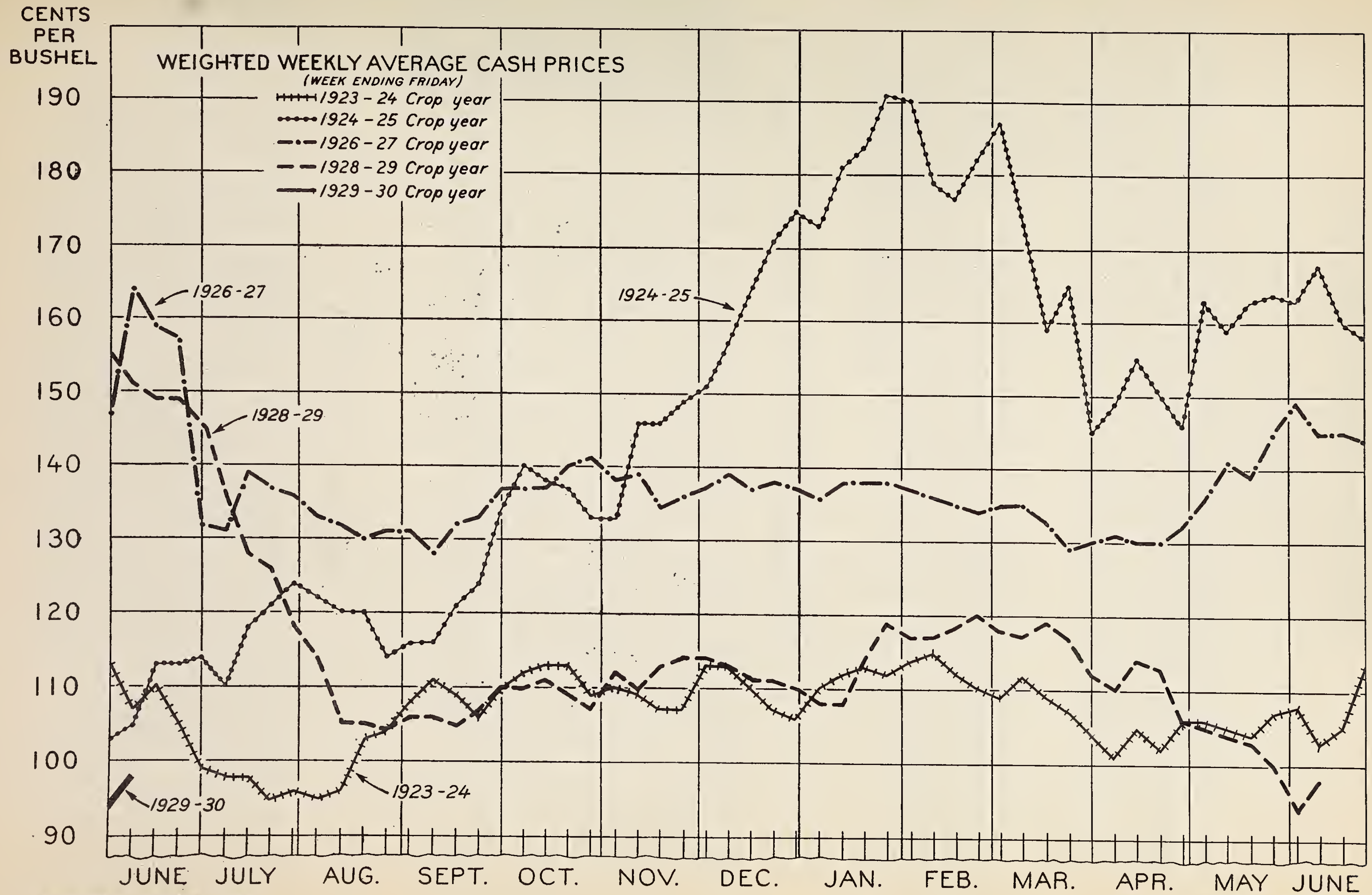
WHEAT: PRICE OF NO. 2 HARD WINTER AT KANSAS CITY



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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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For release July 15, 1929

THE PRICE SITUATION, JULY, 1929

FARM PRICES

The general level of prices received by farmers on June 15, at 135 per cent of pre-war prices was one point lower than on May 15 and ten points lower than on June 15 a year ago. The slight decline of 1 per cent in the general average was the result of lower prices of wheat, oats, barley, rye, hay, cottonseed, butter, hogs and wool, which more than offset the higher prices of potatoes, apples and eggs.

Since June 15 there has been a marked recovery in grain prices, particularly on wheat and rye. Prices of potatoes, cattle and hogs have also advanced. Lambs, butter and cotton are now lower than on June 15, but as a result of the recent improvement in prices of grain, cattle, and hogs, the general level of farm prices at the middle of July is higher than on June 15 and is likely to remain so during the next two months.

THE GENERAL COMMODITY PRICE LEVEL

The general average of commodity prices reached a low point toward the end of May coincident with the marked decline in grain prices. With the recovery in grain prices and higher livestock prices since then the general commodity price level advanced throughout June. The Annalist weekly index (1913 = 100) of general commodity prices averaged 146.6 on July 2 compared with 142.7 on May 28, and 151.3 a year ago. Farm product prices advanced from 135.8 on May 28 to 139.5 on June 11 and 142.2 on July 2. Textile product prices during June continued the declines in progress since January. Prices of metals and building materials which had been advancing since late 1927 averaged somewhat lower in May and June than at the peak reached during the first quarter of 1929. Fuel prices, which have been moving downward in recent months, showed some advance in June.

BUSINESS CONDITIONS

The general business situation in June appears to have been similar to that in May when unusually high rates of activity in the iron and steel and automobile industries were the outstanding factors in the record level of industrial production. In the iron and steel industries less than the usual seasonal slackening is reported for June while in the automobile industry somewhat more than the usual decline is reported. The volume of manufactures now appears to be nearly 15 per cent greater than at this time last year while the volume of construction as indicated by the value of contracts awarded remains below last year's level by approximately this percentage.

The money situation in June was somewhat easier than in previous months with interest rates except on call loans slightly lower than the high levels of April and May. Prices of industrial stocks advanced during June and by the first week in July exceeded the high prices of May.

The industrial situation continues to maintain the buying power of domestic consumers which gradually improved with the advance in business during the past 18 months and which at present is probably 10 per cent greater than at this time last year. This situation is not likely to be materially changed during the next few weeks, but some slackening in industrial activity and therefore in domestic demand for those farm products which are sensitive to consumers' buying power is quite possible later in the year.

WHEAT

Cash wheat prices have been rising since May. Farm prices, as of the middle of June, averaged 86.8 cents per bushel, a decline of 3.3 cents from the middle of May. This reflected the marked drop in market prices in the latter half of May, the average of all classes and grades at six markets having declined from $1.04 per bushel for the week ended May 10 to 94 cents for the last week in May. This decline had been more than recovered by July 5, the average of all classes and grades at six markets having risen to $1.13 per bushel the week ended July 5. All classes of wheat shared in the rise.

Wheat areas estimated in 26 countries reported to date total about 189 million acres, one million or 0.6 of one per cent greater than last year. This accounts for 77 per cent of last year's acreage. Conditions have been unfavorable for seeding in Argentina and in parts of Australia. The area seeded in Argentina is likely to be reduced on account of drought and also on account of relatively higher prices being received there for corn. The Australian acreage may be maintained. The world's area to be harvested now seems likely to be no greater than last year.

The accounted for world's carryover of wheat on July 1 appears to be about 100 to 125 million bushels greater than last year when it amounted to about 420 million bushels. Practically all of the increase is in the United States. Carryover in Argentina and Australia seems to be about the same as it was a year ago and in Canada only a little larger than it was then. The increase in carryover will be more than offset by a decrease in production.

Forecasts and estimates of production in ten countries, including the United States, India, Algeria, Morocco, Hungary, Rumania, Bulgaria and a few smaller countries, to date indicate a production of 1,461 million bushels, a reduction of 103 million bushels from that produced in the same countries last year when they produced 40 per cent of the world's crop. The latest report of conditions in several other countries indicate smaller crops.

According to the Canadian official report, the area in Canada has been increased slightly but conditions to date indicate a crop considerably smaller than last year. The official report on the condition of the crop as of July 1 indicates that average yields are not likely to be realized. Last year the yield per acre in Canada was 22.1 bushels compared with an average of 17.1 bushels for the past 10 years.

Our Agricultural Commissioner in Berlin reports that with average conditions for the remainder of the season the continental European wheat crop probably will be materially below last year. Spain is harvesting a good crop. Conditions appear to be favorable for good yields in Austria, Germany and Poland. Good yields in these countries, however, are likely to be more than offset by the effects of winter killing in the Balkan countries, northern France, Belgium and the Netherlands. Favorable conditions may bring the crop of France and some other countries fairly close to that of last year. It seems likely, however, that even with most favorable conditions, the European wheat crop, outside of Russia, will be somewhat smaller than that of 1928. The rye crop, on the other hand, may be larger than last year. Reports as to the Russian crop are somewhat confusing. To date, however, there is no indication of an exportable surplus from Russia.

The Southern Hemisphere crop will be an important factor in the price situation during the fall and winter but it is too early to make any definite estimate of that crop. As indicated above, seeding conditions have not been favorable in Argentina and parts of Australia. Allowing for a 15 per cent reduction in area in Argentina and no change in Australia average yields in those countries would reduce the Southern Hemisphere crop about 75 million bushels below that harvested last year.

Crop forecasts, weather, and condition reports to date suggest that with normal conditions for the remainder of the season, the Northern Hemisphere crop, outside of Russia and China, may be about 250 million bushels short of last year. Should only average yields be realized in Australia and Argentina, reducing supplies from the Southern Hemisphere by about 75 million bushels, the world's crop would then be about 325 million bushels short of last year. Taking into account the increase in carryover, present conditions then would indicate a reduction of at least 200 million bushels in the world's supply. Allowing for a normal increase in the world demand of about 70 million bushels per year, the effect of the supply in relation to the world's demand would be about 270 million bushels short of last year. Normally this should raise the average price in the world's markets about 25 cents per bushel above the average of the past year. Considering the large carryover of wheat in the United States, the average market prices here may not be increased by as much as 25 cents per bushel.

Should the world's supply of wheat turn out to be as indicated above, the average prices of all classes of wheat in the United States would be increased above the present levels. The price of No. 2 hard winter at Kansas City in the past year has averaged a little over $1.12 per bushel. A reduction of about 200 million bushels in the world's supply might be expected to raise this average to about $1.30 per bushel or within 5 cents of this. The white winter wheat crop appears to have been reduced and the

price of that class of wheat is likely to be well maintained as compared with hard red winter. In the past year No. 2 red winter wheat at St. Louis has averaged about $1.39 per bushel or 27 cents above the price of No. 2 hard winter at Kansas City. With the present prospects of a much larger supply of this class of wheat this large margin of No. 2 red winter cannot be expected and the average for the season at St. Louis may be only about the same as last year. Smaller crops in both the United States and Canada probably will strengthen the price of hard red spring wheat in relation to hard winter. During the past season the price of No. 1 dark northern at Minneapolis has averaged about 14 cents over No. 2 hard winter at Kansas City. It is possible that this margin will be maintained during the coming season. Smaller crops in Canada and the United States probably will strengthen the market for durum but larger crops in northern Africa may hold the price of durum wheat under that of hard red spring.

The course of prices during the next few weeks will be determined largely by crop forecasts and market activities. Sharp rises are likely to be followed by reactions to lower levels. Heavy marketings in the face of a large carryover in the United States may also be a factor in weakening the market for short periods or retarding the full response to the prospective world supply and demand conditions. The courses of prices through several seasons were shown in charts attached to last month's report. Comparing this season to date with that of 1924-25, it will be noted that the course of prices the first months of the season has been similar to that of the corresponding period of 1924. In that season the rise in prices continued with some interruptions through June and July after which there was some recession. This was followed by a marked rise beginning in September and extending through January. Present conditions suggest that the course of prices through this summer and fall may continue to be somewhat like that of 1924 but an exact repetition is not to be expected. Unless the world crop turns out to be shorter than now indicated the rise is hardly likely to be as great as in the fall of 1924.

CORN

Corn prices improved during June. The United States average farm price as of June 15 was 86.9 cents per bushel compared with 86.2 cents a month before. The increases over previous month were greatest in the western part of the Corn Belt, prices in Kansas and Nebraska averaging 3.0 cents higher, while the North Central States as a whole averaged 1.3 cents higher. In some parts of the country, notably the North Atlantic States and the South Central States prices averaged lower on June 15 than on May 15.

Part of the disparity of the farm price changes in different parts of the country is probably due to the very unsettled situation prevailing in the corn market from the latter part of April to the latter part of June. Price fluctuations at the central markets were great, all classes and grades of corn at the five principal markets declining from an average of 88 cents per bushel the week ended May 3 to 81 cents the week ended May 31, and then rising to an average of 90 cents per bushel the week ended June 14. The week ended July 5 all classes and grades averaged 92 cents per bushel while No. 3 yellow at Chicago averaged 94 cents per bushel.

During June receipts of corn at primary markets were heavy, receipts at 13 primary markets being 21 million bushels compared with 11 million in May. These heavy receipts caused a slight increase in commercial stocks during the last two weeks, so that on July 6 they were at the same level as four weeks before; that is 14 million bushels against 16 million on the corresponding date of last year and 36 million bushels in 1927. The June figure of 21 million is above that of June, 1928, but below those of June, 1926, and 1927. Receipts from November through June this season have been 212 million bushels against 174 million in 1925-26, 162 million in 1926-27, and 235 million bushels last year. These relatively large receipts for the season to date suggest that farm stocks may not be very large, though they are probably considerably above the levels of a year ago.

Present prospects are for a new crop about 6 per cent below that of last year, the Crop Board's forecast based on July 1 conditions being 2,662 million bushels compared with 2,836 million bushels as the estimate for 1928. Crop prospects may, of course, be expected to change somewhat during the next few months, but the present forecast of corn production, together with that of oats production and the outlook for demand, suggest that farm prices of corn at the beginning of the new crop year may average about 80 cents per bushel, while prices of No. 3 yellow corn at Chicago may average about 90 cents per bushel. Consequently, in the absence of important changes in crop prospects corn prices are likely to be well maintained until the approach of the new marketing season next fall. There may of course be important fluctuations depending upon the development of the crop.

OATS

Oats prices for the past season have averaged much below their level of the previous season due to the much larger production of 1928. The average farm price the middle of June was 42.5 cents per bushel which was nearly 19 cents below the level of a year ago, and compares with 44.6 cents per bushel for May. At Chicago No. 3 white oats averaged 44.5 cents per bushel during June compared with 45.2 cents the previous month and 68.0 cents per bushel in June 1928. The week ended July 5 they averaged 43.8 cents per bushel.

With the approach of the new marketing season commercial stocks of oats are small, although larger than the very low levels of a year ago. At the close of the week ended July 6 they amounted to 8.6 million bushels compared with 2.9 million on the corresponding date of last year and 16.4 million bushels in 1927.

The Crop Board's forecast of the 1929 crop, based on July 1 conditions, is 1,247 million bushels. This is 202 million below the estimate of 1,449 million bushels harvested in 1928. In the Southeast and the West the area seeded to oats is greater than it was last year, but in the central States it has been reduced. The smaller crop estimated for this year indicates that the seasonal decline in prices which ordinarily occurs with the harvesting of the new crop will not be as great as usual. This, together with the prospect of a smaller crop of corn this year than last and the prospect of a moderate to small carryover of oats, suggests that prices during the first few months of the new season are likely to average close to present levels though temporary variations are to be expected.

POTATOES

The average farm price of potatoes for the country as a whole advanced from 59.3 cents per bushel on May 15, to 63.3 cents on June 15, which compares with 83.6 cents a year ago. The higher price level is the result of advances in the North Central and South Atlantic States, and reflected a volume of shipments in June lower than that of a year ago. Shipments of new potatoes in June amounted to 19,500 cars compared with 26,350 cars in June 1928. Shipments of old potatoes which amounted to 4,800 cars were 1,600 cars greater than in June last year, and were probably a factor in keeping prices in the North Atlantic States from sharing in the general advance.

At New York, prices of both old and new potatoes averaged lower in June than in May. The general average of new potatoes declined from $3.71 per 100 pounds in May to $2.30 in June. The decline was checked around the middle of the month when prices reached about $1.90 per 100 pounds. Since then there has been a substantial advance, prices on July 8 averaging about $2.50 per 100 pounds compared with about $1.00 a year ago. In view of the relatively short supplies from the second group of early producing States it is probable that prices during the next few weeks will be maintained at the present or somewhat higher level until the Northern States begin to ship in September when somewhat lower prices may be expected unless production prospects change materially.

Based on July 1 conditions there is in prospect a smaller crop of late potatoes than the large crop of 1928. Compared with a late crop last year of 409 million bushels, present conditions indicate a late crop of 348 million bushels or about 60 million bushels less than last year. Of this late crop approximately 232 million bushels are located in 15 surplus producing States compared with 267 million bushels last year in these same States. The location of the crop this year, according to July 1 conditions is very much like that of 1927 and 1921 when about 226 million bushels and 229 respectively were produced in the 15 surplus States.

The movement of potatoes from those States will probably dominate the price situation after August and the smaller supply in prospect this year should keep prices above those of September a year ago, when they averaged $1.34 per 100 pounds at New York. It may be observed that in 1927 and in 1921, the two years of production prospects similar to those of this year, September prices at New York averaged about $2.10 per hundred pounds. It should not be overlooked of course that crop conditions may change materially as the season progresses.

COTTON

After a sharp recovery in the first week of June, cotton prices declined steadily throughout the month and on the first of July broke to the lowest level since last October and except for a very slight recovery they remained unchanged for the rest of the week, averaging 17.95 cents per pound for middling spot cotton at the 10 designated markets. For the second week the price averaged 18.08 cents per pound. The average for June was 18.36 cents. The price received by producers on June 15 averaged 17.9 cents per pound compared with 18.0 cents in May and 19.7 cents on June 15, 1928.

The area of cotton in cultivation on July 1, 1929 is estimated by the Crop Reporting Board to be 48,457,000 acres, or 3.2 per cent greater than in 1928 but six-tenths of one per cent less than in 1926. In the Atlantic Seaboard States cotton acreage was practically unchanged from that of last year. But, except in Missouri and Tennessee, a general increase was reported for the non-Atlantic States, the increases in the more important States ranging from 2 per cent in Texas to 8 per cent in Louisiana. The WeatherBureau reports for the early part of June showed excessive moisture in the western part of the cotton belt but more favorable weather and clean fields in the eastern part. In late June there was less rain in the West but some heavy rains fell in the East. The weekly weather report for July 10 showed that the weather had been favorable to plant growth throughout most of the belt and a few days were favorable to checking weevil in part of the southern section, but there were frequent showers in some sections, and much cloudy weather in the West.

Exports of cotton remain low, being 299,136 bales for June compared with 313,003 for May and 444,168 for June 1928. For the season through June exports this year are 603,341 bales above those for the corresponding period last season. Domestic consumption in June amounted to 570,281 bales, which although below the level of 668,000 bales for May was high for a summer month and was significantly higher than the level of 510,399 bales for June 1928. Since March more Egyptian cotton has been imported than in corresponding months last year and both the rate of consumption and stocks of Egyptian cotton are now higher than they were last year.

Apparent stocks of domestic cotton in the United States on July 1 were 2.6 million bales compared with 3.1 million on July 1, 1928. Stocks of domestic cotton in consuming establishments on July 1 were 1,167,244 bales or 84,531 bales greater than on July 1, 1928, but stocks in public storage and at compresses were 301,759 bales lower than they were a year earlier. Stocks of American cotton in European ports and afloat for Europe on June 28 totaled 1,206,000 bales or 374,000 bales below those of a year ago, according to the Commercial & Financial Chronicle. Stocks in Liverpool and Manchester were 51,000 bales smaller, stocks in Continental ports were 228,000 bales smaller, and there were 95,000 bales less American cotton afloat for Europe than there had been a year earlier. Apparent stocks of American cotton in the United States and stocks as reported in European ports and afloat for Europe, therefore, totaled 883,000 bales less at the end of June than they were a year ago. The world visible supply of cotton other than of American growth on June 28 was reported by the Commercial & Financial Chronicle to be 2,174,000 bales

or 122,000 bales larger than last year.

In Great Britain the demand for yarn and cloth appears to be low, and conditions in the cotton textile industry are unsettled by the wage dispute. Official returns, however, show that exports of yarn and cloth were above those of last year for the month of May and for the period since the first of January. In Central Europe spinning and weaving activity was lower in June than in May and yarn sales remained low, although there was some improvement in the sales of both yarn and fabrics. In Western Europe and Italy spinning and weaving activity remained high or increased slightly and sales of yarn and fabrics were somewhat greater. Stocks of cotton yarn in Continental Europe do not appear to have increased in the past month and stocks of finished goods are especially low in Central Europe where wholesale and retail business is reported to be active. Activity in the Japanese cotton textile industry in May was unchanged from the high rate of April.

The Cotton Textile Association report shows that the weekly average rate of textile production for June was 71 million yards compared with 68 million for May. Sales were at a slightly higher rate than in June but amounted to only 79.8 per cent of production so that stocks increased and unfilled orders decreased. At the end of June stocks of finished goods on hand were 43 million yards greater than unfilled orders but that is a usual situation for this time of year, and at the end of June 1928 they were 157 million yards greater.

WOOL

Prices of practically all grades of wool continued to decline throughout June in the Boston market. Except for 56's strictly combing and some of the coarser wools prices in June fell one-half to 2 cents per pound for grease wools and 2 to 5 cents per pound for scoured wools. Strictly combine 56's (3/8 blood) grease wools were 44 to 45 cents per pound and strictly combing territory 64's, 70's, 80's (fine) scoured wools were 94 to 96 cents per pound at Boston for the week ending July 6. Fine wools and some medium wools are now the lowest in price they have been since 1922. At 30.2 cents per pound, the price received by producers on June 15 was 1.1 cents under the May 15 price and 8.5 cents under the price a year earlier. The decline registered in the United States farm price in the past month is quite representative for each section of the country.

The London wool sales opened on July 9 with prices for fine and medium wools 5 to 10 per cent lower, and prices of low crossbred wools unchanged to 5 per cent lower than at the close of the previous series on May 15.

Consumption of combing and clothing wools in May, totaling 34 million pounds, was 1.7 million under that for April, but remained above that for any May since 1923 and was 2 million pounds greater than in May 1928. As long as business activity helps to support consumer demand, low wool prices should maintain a relatively high rate of domestic consumption.

Imports of combing and clothing wool amounted to 8,327,000 pounds in May, or approximately the same as in May last year. Receipts of domestic wool at Boston are increasing rapidly as is usual at this season of the year

but they are below the levels of last year, apparently due to the fact that buyers were less active in contracting wool this year, and possibly also indicating that producers are reluctant to sell on the present markets. Stocks of combing and clothing wool held in bond at the end of June were slightly lower than they were last year.

In the foreign primary markets stocks of wool have been reduced to approximately the levels of last year.

European demand remains inactive with no material improvement in the woolen textile industry. There are suggestions, however, that demand would improve if prices of raw wool became stable.

Forecasts are now being made of the 1929-30 Australian wool clip, but to date these forecasts have been variously interpreted. In view of the larger sheep numbers on January 1, 1929 and the fair to good pasture conditions an increase in the 1929-30 Australian clip over that of 1928-29 is to be anticipated.

CATTLE

The general tendency of cattle prices in June was upwards. During the first three weeks the price of all grades of steers advanced, with a rather sharp advance on the better grades. During the last week of the month there was a sharp decline on most kinds of grass cattle and prices on better grades of fed steers also declined somewhat. All of the loss on choice steers and a part of the loss on other slaughter cattle was regained during the first week of July. During this week the top on slaughter steers passed $16.00, for the first time since early in the year, reaching $16.25. Heavy cattle, which had been more or less discriminated against for several months, reached a premium position which they will probably hold for the next four or five months.

The delayed seasonal decline on grass cattle became evident about the middle of June and the spread between the upper and lower grades of all slaughter cattle tended to widen. Until there is a heavier movement of grass cattle, however, this seasonal spread will probably be less than usual.

Supplies of cattle of all kinds during June continued small. Inspected slaughter of cattle was 10 per cent less than in June 1928 and 15 per cent less than the 5-year average, and were the smallest for June since 1915. Receipts of beef steers at Chicago were 12 per cent less this June than last while the supply of good and choice steers was 34 per cent less. For the first six months of 1929 inspected slaughter was about 5 per cent smaller than during the first half of 1928 and 12 per cent below the 5-year average for these months.

The level of cattle prices at the end of June this year was about the same for most classes and grades as at the same period last year. Price changes during the last half of 1929 will be affected by the size and character of the supply and also by the demand for stocker and feeder cattle. Present information points to a continued seasonal advance on fed cattle, a

further decline on grass slaughter cattle and the usual seasonal decline on stockers and feeders. The course of fat cattle prices, however, will have considerable effect on feeder demand but it hardly seems probable that this demand will be as insistent as last year while the supply of stockers and feeders will be about the same as during the last half of 1928.

LAMBS

Lamb prices continued to decline through all of June and during the last week of the month the top on lambs at Chicago dropped below $15.00. While the average price level of June was somewhat below that of June in 1928, 1927 and 1926, it was not much different from that of the three years preceding 1926. Some recovery of prices occurred during the first week in July.

The supply of lambs during June, while about as large as in June 1928, was quite differently distributed through markets. The supply at seven leading markets was 16 per cent smaller than in June 1928, while the inspected slaughter was practically the same as in June 1928. The supply at the seven markets was small because of the comparatively light receipts of lambs from Idaho and Oregon. This deficiency was offset by large supplies of southeastern lambs at eastern markets. As usually happens the heavy receipts at these eastern markets depressed prices disproportionately to the increase as related to the total supply.

Marketings of lambs during July and the first half of August are expected to continue fairly liberal, with increased supplies of western lambs from the three northwestern States. Marketings during the fall will be determined to a considerable extent by the prospects for winter range, and supplies and prices of feed in the western States, and the demand for feeder lambs.

HOGS

The general trend of hog prices has been upward since the last week in May when the Chicago average made a seasonal low of $10.57 per 100 pounds. The average for the first week in July was $10.95 and at the beginning of the second week top prices reached $12.15, which was the top price reached last March at the peak of the spring rise. The average price for June was $10.72 as compared with $9.91 for June last year. Although current prices are still above last year's levels the difference is less now than it has been at any time this year.

Inspected slaughter in June was about 8 per cent less than in June last year, whereas in May it was only about 2 per cent less than in the previous May. The general quality of market receipts appears to be above average, thus reflecting an abundance of feed in producing areas. The percentage of packing sows in market supplies has been smaller than usual for this season of the year, some estimates placing the decrease at about 10 per cent under a year ago.

Storage stocks of pork on July 1, amounting to 845 million pounds, were 7.7 per cent less than the large July 1 stocks of last year. Lard stocks, amounting to 200 million pounds, were 6.7 per cent less than the unusually large July 1 stocks of last year.

The lard situation which has been the weak point in the hog market appears to have improved slightly. Prices at Chicago have advanced 3 per cent since the middle of May but are still below last year's level. Prices at New York are unchanged as compared with both a year ago and the low point of the current year.

Lard exports in May were 12.4 per cent larger than in May last year and 6.5 per cent greater than the 3-year average. Exports of cured pork in the same month showed increases of 24 and 13 per cent respectively.

Prices of fresh pork have advanced sharply in recent weeks and on some cuts have recovered most of the decline which took place in the late spring. Current prices on most fresh cuts are 16 to 25 per cent above those of a year ago. Prices of cured pork likewise have advanced and as compared with a year ago are up about 15 per cent on hams, 5 per cent on bacon and 8 per cent on picnics.

The June pig survey showed a reduction of about 8 per cent in the number of pigs saved this past spring in the United States and 6 per cent in the Corn Belt as compared with the spring crop of 1928. Reports as to the number of sows bred or to be bred for farrowing next fall and factors that affect changes in the number of sows kept for farrow point to some increase in fall farrowing in the Corn Belt but decreases in most other areas.

Slaughter supplies during the remainder of the crop year ended with October are expected to be slightly less than in the corresponding period of 1928, and it is doubtful if marketings will be delayed through the summer so as greatly to increase the fall run as was the case last year. With more evenly distributed marketings the price movement should also be more regular, with the peak in prices probably coming later than it did a year ago.

The outlook for hog prices is discussed more completely in the Hog Outlook Report issued by the Bureau of Agricultural Economics on July 15, 1929.

BUTTER

The price of 92 score butter at New York fluctuated between 43 and 44 cents during the month of June. By July 2, however, the price had dropped to 42 cents, which was the price on July 11.

The average price for June was 43.5 cents, compared with 44.1 cents in June 1928 and 42.0 cents for the 5-year average.

The price of butterfat to producers on the 15th of the month was as follows:

	June 5 year average	June 1928	June 1929
	Cents	Cents	Cents
Minnesota, Iowa and Wisconsin	44.2	47.0	46.0
Washington, Oregon and Idaho	42.4	43.0	46.0
Seven Southeastern States	39.2	40.0	41.0

The relatively high prices of butterfat to producers in Washington, Oregon and Idaho, this year are due in part to relatively small production in that area, which for May was about 3 per cent below that of a year ago. In Minnesota, Iowa and Wisconsin production for the same month was 7.8 per cent above that of a year ago.

Cold storage holdings and receipts were as follows:

	June 5 year average	June 1928	June 1929
	1,000 lbs	1,000 lbs	1,000 lbs
Receipts 4 principal markets	85,322	78,727	78,296
Cold storage holdings (end of month)	76,903	69,750	91,911

Cold storage holdings at the end of June were 32 per cent above those of a year ago.

Production conditions are unusually good for this season of the year. Pasture conditions in the 10 principal butter producing States averaged 91 on July 1 as compared with 82.3 a year ago and 87.9 on June 1. The butter-feed ratio is slightly less favorable than a month ago. Production has apparently passed the peak for the season and is now on the decline, but should remain heavy for at least a few weeks. July temperatures have a marked effect upon production, and an unusually hot July will accelerate the usual decline in production.

There is little possibility that prices during July and August will reach the levels of a year ago, when they averaged 44.9 cents for July and 46.9 cents for August. With favorable weather prices will probably average close to those of 1927 for these months. A continued period of unusually hot weather would decrease production sufficiently to strengthen prices, although probably not before August.

EGGS

Egg prices showed little change in June. The variation in the price of fresh firsts at New York was slightly more than half a cent from the monthly average of 30.7 cents. Prices were above this average during the first half of the month and below it during the last half, but by July 8 had risen to 31.5 cents. The trend of prices of this grade at New York can be seen from the following table:

	5-yr. average	1928	1929
	Cents	Cents	Cents
May	28.1	29.6	30.9
June	28.4	29.5	30.7
July	29.1	30.2	---

Receipts at the four markets during June were higher than last year but were below the 5-year average. Last year the drop from the spring peak of receipts was much sharper than this year. After June, during the summer and fall decline, there is usually relatively little variation in the receipts in similar months of different years and receipts from now until the winter months should follow the 5-year average rather closely. Receipts at the four markets follow:

	5-yr. average	1928	1929
	1,000 cases	1,000 cases	1,000 cases
May	2,335	2,441	2,253
June	1,817	1,704	1,748
July	1,268	1,274	---

Receipts since January 1 show this year to be considerably lower than last year, but not greatly less than the 5-year average. It is hardly likely that the year's total will exceed the 5-year average of 15 million cases. The following table gives the various comparisons:

	5-yr. average	1928	1929
	1,000 cases	1,000 cases	1,000 cases
January 1 to May 31	8,337	8,721	8,115
" " " June 30	10,154	10,425	9,863
" " " July 31	11,422	11,699	---
" " " Dec. 31	15,010	15,381	---

Storage holdings continue to be lower than last year or than the 5-year average. Approximately the present difference will doubtless still exist at the August peak of storage stocks. Storage holdings at this season are as follows:

	5-yr. average	1928	1929
	1,000 cases	1,000 cases	1,000 cases
June 1	7,791	8,168	6,704
July 1	9,573	10,002	8,499
Aug. 1	10,076	10,496	---

The usual course of summer prices is a gradual increase, broken at times by declines due to temporarily heavier receipts and to hot weather with consequent poorer quality and lower consumption. This will probably be the case this summer with the general trend of prices on a somewhat higher level than last year.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release August 16, 1929

THE PRICE SITUATION, AUGUST, 1929

FARM PRICES

The general level of prices received by farmers was higher on July 15 than on June 15 as indicated by a rise in the index of farm prices from 135 to 140, compared with 145 a year ago. The commodities which contributed to the rise in the index are wheat, corn, barley, flaxseed, potatoes, apples, hogs, cattle, calves and eggs. These were partly offset by low prices for hay, cottonseed, sheep and lambs, wool and chickens. Butter prices were practically unchanged. Since the middle of July wheat, oats, barley and rye declined. Hogs and lambs also declined. Higher prices of potatoes, cattle, butter and eggs only partly offset the declines so that the general average of farm prices around the middle of August was below that of July. The general average is not likely to exceed the July level, until grain prices have resumed their advance.

THE GENERAL COMMODITY PRICE LEVEL

The general commodity price level advanced steadily from the low point of 143.0 at the beginning of June to 150.4 on July 23 and then declined to 148.1 on August 6, according to the Annalist index. Fluctuations in agricultural prices have been responsible for this recent rise and moderate decline. The present level of commodity prices at 148 is about three points under the average of July last year and five points under the peak of last September.

Farm product prices which declined steadily from the peak of last September to the end of May, recovered sharply in June and July, advancing from 137 in May to 149 by the end of July and then declined to 146 in the first week of August, this advance and recent decline reflecting the course of grain prices.

Food prices after a similar decline from September to May advanced from 144 to 157 the middle of July and then declined to 153 by the first week in August. An advance in grain prices should sustain an upward trend in the group.

Textile prices have continued the decline, which set in last January, the index of textile prices averaging 145 on August 6 compared with 156 in January and 153 a year ago.

Fuel prices which reached a peak last January and declined in February have remained fairly stable. Metal prices have also remained unchanged during July, being now somewhat below the peak reached in March. Prices of building materials remained practically unchanged during the past six months and are now about three points lower than at this time last year.

The general average of commodity prices in the near future will reflect largely changes in agricultural prices and is likely to maintain most of the advance registered since May.

BUSINESS CONDITIONS

During July business activity was maintained close to the high levels reached in May and June. Steel output showed less than the usual summer decline, and pig iron production reached a new record but the production of automobiles and of textiles is reported to have declined more than usual, both in June and July. There has also been a considerable increase in building activity in July above last year's level, as contrasted with a volume for the first six months of 1929 about 12 per cent below that of 1928, the July increase being almost wholly in public work and utilities. Railroad freight loadings also continued in record volume, reflecting a heavier movement of coal, ore, grains and miscellaneous commodities than for the same period last year.

The financial situation in July was marked by continued firmness in the money markets with commercial interest rates maintained at New York at the recent high level of 6 per cent and by a further reduction in investment holdings by banks in the Federal Reserve System, but there were further increasses in their loans on securities as well as loans for commercial purposes, the volume of loans on securities showing the greater increase over the comparable loans of last year. The high level of interest rates continued to bring gold to this country, but the effect of an increased gold supply on interest rates may have been partly offset by a further withdrawal of funds from the money markets by the sale of government securities on the part of the Reserve Banks. On August 9 the New York Federal Reserve Bank advanced its discount rate from 5 to 6 per cent, but lowered its rate on acceptances.

Industrial stock prices continued the sharp advance which began in the first week of June, reaching a record level at which it remained into August, then breaking sharply but temporarily, after the advance in the New York Federal Reserve Bank rediscount rate.

The continued advance in business activity over the past year and a half has apparently enhanced the domestic buying power for farm products. This may be inferred from the fact that the volume of factory payrolls in June averaged about 7 per cent greater than a year ago.

The continuation of the present volume of consumer buying power for the balance of this year appears to depend very largely on the trend in construction and the activity in the automobile and iron and steel industries which have been the chief contributors to the recent advance in industrial activity. The high level of output reached in these two industries in recent months and the reductions in automobile production and payrolls from the peaks reached last April are suggestive of a lower rate of activity during the remainder of the year. A continuation of the recovery in the building situation which took place in July might offset a lower volume of industrial output, but in the face of high and advancing interest rates a sustained recovery in construction work appears problematical. Consequently a rate of industrial activity not quite so high as recent months is to be expected but the buying power of consumers in the next two or three months may be expected to average somewhat better than that of a year ago.

WHEAT

Cash wheat prices continued to rise through most of July and then turned downward under the pressure of heavy marketings of new wheat. Farm prices as of the middle of July averaged 102.4 cents per bushel, 15.6 cents above the average for the middle of May. The average cash price of all classes and grades at six markets rose from 119 cents per bushel for the week ended July 12 to 134 cents the week ended July 19. The third week in July marked the culmination of a sharp rise from an average of 94 cents per bushel the last week in May. The weakening of the market in recent weeks has brought the average of all classes and grades back to 124 cents per bushel for the week ended August 9.

The world's supply of wheat now seems likely to be considerably less than last year. The carryover of old wheat on July 1 in all positions accounted for to date totals 557 million bushels, or 136 million bushels greater than last year; but this increase is more than offset by the prospects of reduced production.

Most of the increase in world's carryover is in the United States. The carryover in all positions in the United States on July 1 is now estimated to be about 245 million bushels, an increase of 117 million bushels over last year. The August crop report, however, indicates that the wheat crop will be 128 million bushels less than last year, so that the total supply of wheat in the United States is somewhat less than last year.

Official forecasts and estimates of production in 22 countries to date indicate a production of about 2,024 million bushels, a reduction of 139 million bushels from the corresponding crops of last year when they amounted to 56 per cent of the world's crop. An analysis of Canadian weather conditions to date indicate a crop of about 300 million bushels, which, if realized, would be 234 million bushels less than last year. Our Agricultural Commissioner in Berlin reports some improvement in the Continental European wheat crops in the past month, but he still believes that the crops of these countries, outside of Russia, will be less than last year. Reports to date indicate that production in European countries outside of Russia is likely to be at least 100 million bushels less than last year. Russian crops may be somewhat better than last year, but Russia will probably have no wheat for export. The Southern Hemisphere crops are still somewhat uncertain. There are no indications that Australia and Argentina have recovered from the effects of the drought. Parts of both countries are still experiencing droughty conditions. Trade reports from Australia suggest that the crop there may be reduced 25 per cent. Taking into account a reduction in seedings in Argentina and a continuation of droughty conditions in these two countries, it hardly seems likely that the Southern Hemisphere will produce ~~more~~ than 390 million bushels as compared with about 490 million bushels last year, a reduction of 100 million bushels.

The above indicated reductions total 560 million bushels, but these will be offset by some increases in production in Africa and Asia where crops are somewhat larger than last year. Should the world's crop turn out to be 500 million bushels less than last year, the world's supply would be

360 million bushels less than last year, after allowing for the increase in carryover. Allowing for the normal increase in world demand of about 70 million bushels per year, the world's supply in relation to demand would be in effect over 400 million bushels short of last year. This reduction in supply on the average would tend to raise the average price for the season in world markets about 45 cents over the average for the past year. This suggests that the prices paid for British parcels might be raised from an average of about 128 cents last season to between 170 and 179, the averages for the 1925 and 1924 seasons. As indicated last month, the large carryover of wheat in the United States may prevent the average prices for export wheats in the United States from increasing as much as British parcels prices.

As previously indicated, the world's wheat situation is now quite similar to that of the 1924 season when the world's supply was approximately 384 million bushels short of the previous season. Allowing for an annual increase in demand, the supply for the 1924-25 season would be equivalent to about 3,850 million bushels in the present season, approximately the same as the supply indicated for present conditions.

The supply of hard winter wheat in the United States is more than sufficient to supply domestic needs, and the price of this class of wheat will probably be upon an export basis through most of the year. The cash price of No. 2 hard winter wheat at Kansas City for the season to date has followed fairly closely the course of the price in the 1924 season, when the weighted average for the season was 135 cents a bushel.

The supply of No. 2 soft red winter now appears to be about the same as in the 1924-25 season when the price averaged 159 cents a bushel at St. Louis. It will probably average close to this figure but may not quite equal it in the present season. The supply of hard red spring wheat appears to be considerably less, and prices are likely to average higher than in 1924 when the average of No. 1 hard spring at Minneapolis was 158 cents per bushel. The short crop of durum will probably hold prices of that wheat up close to the other spring wheat and it may average higher than the 156 for No. 2 amber durum at Minneapolis for the 1924-25 season.

The course of prices during the next few weeks will continue to be determined to some extent by crop reports but probably will be affected more by market activities. The heavy marketings of new spring wheat may cause some reduction in the cash prices paid for spring wheat. The futures market may be affected to some extent by financial conditions. The present declining tendency, however, is not likely to continue long, and an upward turn in the wheat market generally is to be expected within the next two or three weeks. The rise through September and October may not be quite so marked as it was in 1924, owing to the fact that European crops, while shorter than last season, are still fairly good, and the full strength of the foreign demand may not be felt until later in the season.

Charts showing the course of prices in the 1924-25 season, in comparison with other seasons, are attached. In studying these charts it should be kept in mind that, while conditions are now quite similar to what

they were in 1924, the course of prices in the season may be modified to some extent by changes in marketings and by differences in the distribution of the crop. A possible effect of the larger supply in Europe has already been noted. On the other hand, should a tendency to hold a larger volume in the United States develop, the immediate effect of holding would be to increase prices markedly early in the season, but also possibly to prevent prices rising to so high a point in the present season as they did in the 1924-25 season.

CORN

Cash corn prices averaged higher during July. On July 15 the average farm price for the United States was 91.2 cents per bushel which was 4.3 cents higher than the figure of a month before but 11.2 cents per bushel lower than the average price July 15, 1928. No. 3 yellow corn at Chicago which averaged 93.9 cents per bushel the week ended July 5 was higher each succeeding week through the week ended August 2 when it averaged 104.4 cents per bushel. For the week ended August 9, however, the average price of No. 3 yellow at Chicago declined to 99.7 cents per bushel.

Both the rise during July and the decline during the first week of August were due largely to changes in crop prospects during a period when the outlook for the corn crop is very uncertain. The August forecast of the Crop Reporting Board is 2,741 million bushels while the July forecast was more than 78 million bushels smaller. The present outlook suggests that the 1929-30 supply situation will be somewhat like that of 1927-28. The 1927 crop is estimated to have been 2,763 million bushels compared with the August forecast of 2,741 million this year. While commercial stocks are now smaller than on the corresponding date last year, farm stocks appear to be not much different than in 1927; consequently total stocks of old corn on November 1 this year are not expected to be very greatly below what they were on November 1, 1927.

Since the size of the corn crop is still somewhat uncertain it is too early to obtain a definite idea of the outlook for prices during the 1929-30 season. Since the prospects are now for a somewhat larger crop than was expected a month ago, price prospects for the season beginning November 1 are slightly weakened. It now seems likely that No. 3 yellow at Chicago during the early part of the new season will average about the same as during the early part of the 1927-28 season. Corn prices during the next few months are likely to fluctuate with changing prospects for the crop. While the new level of commercial stocks will alend support to the market, the next two months are likely to see a downward adjustment of prices toward the new crop basis.

OATS

During July oats prices averaged slightly higher than in June. The average farm price for the United States as of the middle of July was 42.9 cents per bushel against 42.5 cents a month before. At Chicago, No. 3 white oats averaged 46.7 cents per bushel during July compared with 44.5 cents during the preceding month, the rise taking place early in the month and weekly prices averaging 48 cents for the four weeks closing August 2. For the first week of August there was a slight decline, prices for the week ended August 9 averaging 44.5 cents per bushel.

The supply situation this year is somewhat similar both to that of 1926 and to that of 1927. The August forecast of production this year of 1,203 million bushels is about 44 million bushels smaller than the estimated production of 1926 and 20 million larger than that of 1927. Farm stocks on August 1 likewise are estimated to be smaller than 1926 and larger than in 1927, while the visible supply at the beginning of August was smaller than in either 1926 or 1927. The total supply as of August 1, including farm stocks, Bradstreet's visible supply and production is 1,298 million bushels this year compared with 1,389 million in 1926 and 1,256 million in 1927. The indicated supply for this year is 13 per cent smaller than the supply of 1,493 million bushels a year ago.

The present outlook for oats production together with the corn situation which is somewhat similar to that of 1927 suggests that oats prices during the coming year may be more like those of the 1927-28 season than like those of 1926-27. It seems doubtful, however, if prices will go quite as high as they did in 1927-28. There may of course be considerable changes in the prospects for supplies of oats, and more especially of corn and such changes may materially affect the price outlook. Cash oats prices are likely to fluctuate with market operations and temporary depressions may result from heavy marketings and lack of storage space for both wheat and oats. Changes in corn prospects may also be of significance to the price situation during the next two or three months. Present indications are that prices of No. 3 white oats at Chicago during the next three or four months may average around 45 to 50 cents per bushel.

POTATOES

The farm price of potatoes advanced sharply from 63 cents per bushel on June 15 to 87 cents on July 15 compared with 78 cents last year. The advance was most marked in the Northern States where the new crop is considerably smaller than that of last year. The supply of potatoes from the South is also much below that of a year ago as indicated by a smaller volume of shipments in July as compared with July 1928.

At Chicago prices averaged 50 cents per 100 pounds higher in July than in June, but declined from about $2.80 per 100 pounds at the beginning of July to $2.50 toward the end of the month compared with around $1.25 a year ago. At New York prices of Virginia potatoes advanced during July from $2.45 per 100 pounds at the beginning to $3.40 at the end of the month and

$3.50 the first week in August, compared with a price of about $1.25 in the first part of August last year. With increased marketings of late crop potatoes prices are likely to be lower at these central markets during the next few weeks with some recovery taking place in October.

Crop conditions as of August 1 indicate crops smaller than last year in every State except in New England. The August 1 forecast is for a crop of 373 million bushels compared with 464 last year, 402 two years ago, and 354 in 1926. The situation now developing may produce a level of prices received by producers for the late crop season (September to March) somewhat under that of 1926. Prices for the country as a whole in that year averaged $1.30 per bushel. With a late crop this year in 35 States of around 340 million bushels compared with 326 million bushels in 1926, the general average price for the September-March period may be somewhat under $1.20 compared with a present level of 87 cents. The situation may of course be materially changed by weather conditions between now and the harvesting of the late crop.

APPLES

The farm price of apples in July continued the advance which began last fall when prices throughout the country averaged 97 cents per bushel. By July 15 the average was $1.61, an advance of 8 cents over the June price and 19 cents over the May price.

Crop conditions as of August 1 indicate a total supply of apples this year of 149 million bushels compared with 186 million bushels last year, which was about an average crop. The indicated production is less than average in every important apple producing State, except Virginia, where an estimated crop of about 13 million bushels is one million bushels greater than recent average production, but 3 million bushels less than last year's crop. The production in Washington is about average but is 5 million bushels under last year's crop. Compared with last year's crops, there is indicated a reduction this year in all important areas except New England, Michigan, Kansas and Arkansas. Furthermore, this season is practically certain to be a year of very light fruit production in general. On August 1 the combined condition reports for 12 fruit crops averaged about 24 per cent below the condition on August 1 last year and 19 per cent below August 1 conditions in recent years. Consequently this year's level of apple prices will average higher than that of the past season. Based on past relationships between production and price, a moderate supply of 149 million bushels is likely to produce an average price for the season ended next May of around $1.35, compared with an average last year of $1.23, or about 10 per cent higher.

Some recession from the present general average of prices being obtained for summer varieties is to be expected with the increased movement of the main apple crop, but after September or October, at least the usual seasonal advance is likely to take place.

For the North Atlantic States the indicated supply situation, taking into account the production in competing areas such as the Northwest and in

South Atlantic States, is similar to that of 1924 or 1927, when prices in New York State advanced over 50 cents per bushel between September and the following May. In the Far Western States the supply this year is close to that in 1922 and in 1925, with the prospect of less competition from the North and South Atlantic States than in those two years. In 1922 the farm price in Washington advanced nearly 70 cents per bushel after October, but in 1925 when a relatively large proportion of the total western crop was shipped to eastern markets there was no material seasonal advance.

In Virginia, prices on July 15 averaged $1.05 per bushel and are not likely to be much lower in September and October, in view of the moderate national crop. Between September and April a seasonal advance of around 35 cents a bushel may be expected as a result of the combined influences of the national and local supply situations.

In foreign markets, American apples are also likely to bring generally higher prices than those of last year. Although the supply of European apples may be larger than last year, the smaller supply in this country available for export will tend to establish higher prices in the British markets. Taking into account the prospective reduced commercial production in the North and South Atlantic and Far Western States, it is likely that by next November the general level of American apple prices in England will be somewhat better than 6 dollars per barrel, compared with somewhat under $5.50 last November. After the turn of the year (in February) the seasonal advance in prices and the additional influence of the lighter supply in the Far Western States is likely to raise the British price level above $7.00 per barrel, assuming shipments to England are not excessive. Lighter than average shipments would tend to enhance the seasonal advance and excessive shipments, to check it.

TOBACCO

Flue-cured

The flue-cured tobacco markets in Georgia opened during the last week of July and the Georgia crop will be sold before the end of August. Present indications are that the Georgia crop will average about 20 cents per pound compared with 12.8 cents in Georgia and 17.6 in the entire belt in 1928. This difference appears to be due largely to the improved quality of the 1929 crop. The Georgia crop was very poor in 1928 and the 1929 crop is the best since the State became an important producer of the flue-cured tobacco. Such reports as are available indicate some improvement in quality in the remainder of the belt. This improvement may be marked enough that the average price for the entire belt will be slightly higher than last year but tobacco of similar quality will probably average below the price of last year unless unexpected increases in foreign demand develop.

The indicated supply this year is from 50 to 70 million pounds larger than last season. In 1928 the production was 723 million pounds and the stocks on July 1 were 565 million pounds, making a total supply of 1,288 million pounds. The stocks are 25 million pounds larger, the acreage not materially

changed and the indicated yield based on August 1 conditions 10 per cent larger in Georgia and South Carolina and 4 per cent smaller in North Carolina. Since 1913 the disappearance of flue-cured tobacco, domestic consumption plus exports, has increased at a rate of approximately 30 million pounds a year. Allowing for this normal increase in demand the supply this year would have an effect on price equivalent to from 20 to 40 million pounds or from 1.5 to 3 per cent more than last year.

Reports from Canada and South Africa indicate that the production of flue-cured tobacco in these countries in 1929 will not greatly exceed, if it equals, the production in 1928. The increases in Canada will probably be offset by decreases in South Africa. The total production of flue-cured tobacco in foreign countries in 1928 was about 10 per cent of the production in the United States.

Exports of flue-cured tobacco for the year ended June 30, 1929 were 414 million pounds compared with 329 millions for the year ended June 30, 1928 and 299 millions the previous year. Exports were exceptionally heavy during and just following the 1929 marketing season and lighter than usual during the remainder of the year. This was due to large takings by China during the first part of the year when stocks were being built up in anticipation of increases in import and excise duties. Recent reports indicate that stocks in China have been reduced somewhat and that demand conditions are favorable for the present season. However, it does not appear probable that exports to China will exceed those of last year. So far as reported, demand conditions in other foreign countries are not much if any more favorable than last year.

The domestic consumption of flue-cured tobacco has not greatly changed during the past six years. The domestic consumption for the year ended June 30, 1929 was 274 million pounds compared with 288 million pounds in 1928. In 1928 the domestic consumption was one million pounds less than in 1923. From 1923 to 1928 the domestic cigarette output increased at a rate of approximately 8 per cent per year. Since the total domestic consumption of flue-cured tobacco has not materially increased during this period obviously more of other types of tobacco are being used in making cigarettes or less flue-cured tobacco is being used in other products. As the supply for the present season is fairly definitely known, foreign demand will be the dominating price determining factor during the remainder of the season. Apparently the further expansion of the industry will depend upon the further development of foreign markets.

Burley

The indicated supply of burley is from 40 to 60 million pounds larger than that of last year. The supply of 1929 indicated by August 1 crop conditions and stocks on hand July 1 are approximately the same as in 1923. During that year 330 million pounds were produced and the stocks on July 1 were 405 million pounds making a total supply of 735 million pounds. The average price received by growers was 21.4 cents per pound. The quality of the crop in that year was about average. There appears to have been little change in the total annual volume of consumption since 1923. The average price of flue-cured

tobacco will probably be below the 1923 average and this may affect burley prices adversely to the extent that the prices of the two types tend to fluctuate together. The quality of the crop will be the important factor in determining whether the price this year will equal or exceed that of 1923.

Maryland export

The indicated supply of this type is slightly larger than that of 1928. Stocks are practically unchanged but the acreage is about 4 per cent larger and according to August 1 conditions the yield will be slightly higher. The disappearance was 23 million pounds for the year ended June 30, 1929 compared with 27 millions in 1928 and 22 millions in 1927. During the past five years the exports have gradually declined and the domestic consumption gradually increased leaving the total disappearance on practically the same level. The 1928 crop is still being marketed at gradually improving prices, averaging 22 cents for the season to date. Indications are that the quality of the crop will be better than that of last year and prices equal to or better appear probable.

One sucker

The indicated supply of this type is approximately one million pounds or 2 per cent less than in 1928. Stocks are smaller and the indicated production larger than last year. The disappearance was 28 million pounds for the year ended June 30, 1929 compared with 29 millions in 1928 and has gradually declined in recent years. However, the price has shown marked improvement during the past two years following the extremely low prices of 1926. The price received by growers in 1926 was 5.7 cents per pound, in 1927 it was 10.6 cents and in 1928 it was 13.1 cents. If the quality this year is equal to that of last year it is probable that the price will almost equal that of 1928.

Green River

The indicated supply of this type is 7 million pounds or 10 per cent less than last year. The disappearance was about 3 million pounds or 10 per cent larger for the year ended June 30, 1929, than for 1928. Stocks have been gradually reduced and prices have gradually improved since 1925 when extremely low prices prevailed. If the quality of the 1929 crop is equal to that of last year the price will probably be equal to or slightly better than last year, when the price received by growers averaged 11 cents per pound.

Virginia sun-cured

The indicated supply of this type is slightly less than in 1928 and the disappearance for the past year is less than that of the previous year by about the same amount. The trend of disappearance appears to be slightly downward. If the quality of the crop is as good or better than last year prices higher than those of 1928 appear probable. The price last year was 8.5 cents per pound compared with 13.1 cents in 1927 and 9.5 cents in 1926.

Kentucky and Tennessee fire-cured

The disappearance of fire-cured tobacco has declined at a rate of approximately 5 per cent a year since 1919. This decline has been due largely to decreased exports. It appears that the exports of fire-cured tobacco are being gradually displaced by the exports of cigarette types. Recent reports from foreign countries indicate little change in the conditions that are causing this reduced export demand for fire-cured tobacco.

The indicated supply of Kentucky and Tennessee dark-fired tobacco is approximately 5 per cent larger than last year and slightly larger than in 1927. Stocks have been reduced slightly but the acreage is 15 per cent larger and the indicated yield slightly higher than last year. The exports of these types for the year ended June 30, 1929 was 79 million pounds compared with 87 millions in 1928 and 134 millions in 1927. Unless a crop of exceptional quality is produced the prices will probably average lower than those of last year. In Clarksville and Hopkinsville district the average price in 1928 was 14 cents and in the Paducah district the average price was 12 cents per pound.

Henderson stemming

The domestic stocks of Henderson stemming tobacco are practically exhausted according to the July 1 stocks report. However, the acreage is 25 per cent larger than in 1928. The indicated supply is slightly less than 10 million pounds compared with 11 millions in 1928 and 14 millions in 1927. The disappearance of this type was 9.5 million pounds for the year ended June 30, 1929, compared with 8.9 millions for 1928 and 10.5 for the previous year. Since 1925 when extremely low prices prevailed the total supply has been less each succeeding year and prices correspondingly higher. With some further decrease in supply in 1929 and the disappearance for the year ended July 1, larger than the preceding year, it appears probably that prices as high or higher than last year will prevail for tobacco equal to that of last year in quality. The average price in 1928 was 11.2 cents per pound.

Virginia fire-cured

The indicated supply of Virginia dark-fired tobacco is slightly over 60 million pounds, compared with 81 millions in 1928 and 91 millions in 1927. The disappearance was 43 million pounds for the year ended June 30, 1929, compared with 32 millions in 1928 and 36 millions in 1927. While the exports of this type have declined along with those of other fire-cured types,

domestic consumption has increased enough to largely offset this, so that the average disappearance for the past three years is not greatly different from the average disappearance ten years ago. Unless there is a marked decline in the deomestic demand for this type, indications are that the average price for the 1929 crop will be above that of 1928, provided the quality of the crop is average or above. In 1928 the price received by producers averaged ten cents per pound.

HOGS

The upward movement in hog prices which got underway in late June was halted the third week in July and prices receded slightly after top prices at Chicago had reached $12.50 and the weekly average, $11.40. The average price for July was $11.20, which was 55 cents above the July average of last year. During the second week in August prices were below those of a year earlier for the first time this year.

The downturn in prices was due primarily to the very large increase in hog marketings over the corresponding period of a year earlier. Inspected slaughter in July was 20.5 per cent larger than in July 1928 and was the third largest on record.

Supplies still continue much above those of a year ago as indicated by an increase of more than 30 per cent in weekly inspected slaughter at nine important centers for the month to date.

In addition to the increased numbers of hogs marketed average weights have been somewhat heavier than a year earlier, thus still further increasing the tonnage of hog products. Because of the scarcity of desirable light-weight hogs and the rather large proportion of packing sows in receipts the price spread widened materially during the month. Quality of marketings in general however, was good.

Storage stocks of pork on August 1, amounting to 814.8 million pounds, were slightly less than those of a year earlier, but 7.7 per cent above the 5-year average for that date. Lard stocks amounting to 203.9 million pounds were only one million pounds less than the very large stocks of August 1, 1928, and were 22.4 per cent larger than the 5-year August 1 average. The decrease in storage holdings during the month of July this year was much less than the decrease which took place in that month last year. This however, was due to the unusually heavy slaughter in July rather than to a reduced movement of products into consumptive channels.

Exports of both lard and pork in June were not only larger than those of June 1928 but were above the 3-year June average.

Prices of fresh loins during the past month advanced on the lighter weights but declined slightly on the heavier weights. Prices of cured pork and lard were steady to higher.

The unusually large marketings of hogs in the past six weeks tend to confirm earlier indications that the period of smallest supplies and highest prices would probably occur in late September or October.

CATTLE

Cattle prices were generally steady during most of July, such changes as occurred being in line with the usual seasonal movements. During the last week of the month a rather sharp drop in prices of all kinds of cattle except choice steers took place, due to rather heavy supplies and a weak dressed beef market. This drop was largely regained the first week in August, when top on steers reached $17.00. The average weekly price of choice steers at Chicago advanced from $15.43 to $16.02 during the month, while the medium steers declined from $13.28 to $12.63 and the common steers declined from $11.72 to $10.49. The average price of good steers after advancing from $14.21 to $14.78, declined to $14.26 the last week. This tendency for better grades to remain steady while lower grades declined, was shown by other kinds of slaughter cattle. Stocker and feeder cattle prices changed little until the last week of the month when a sharp decline occurred, which was especially marked at Kansas City.

Supplies of cattle during July were larger than in July, 1928. The receipts at seven leading markets were 8 per cent larger and inspected slaughter was 7 per cent larger than in July 1928, but 9 per cent below the 5-year July average. Receipts of all beef steers at Chicago were 8 per cent and good and choice steers 9 per cent larger than in July last year. A part of the increased supply of all cattle during July this year was caused by the forced shipments from drought areas in the Dakotas and Montana.

At the end of July the spread between average price of common and choice steers at Chicago was $5.53 compared with $2.39 the last week in May. This spread will probably continue to widen, due more to advance on choice steers than to further decline on common steers. While some further decline on the lower grades of slaughter cattle are probable, and with these, declines on stockers and feeders, it is not expected that this decline will be as much as the usual seasonal, unless the unfavorable feed situation in a number of States should force marketings much larger than they otherwise would be. The number of cattle on feed in the Corn Belt August 1 is estimated as 1 per cent more than August 1, 1928, and fed cattle prices for the balance of this year should average about the same as last year. The trend of prices will probably be somewhat different than in 1928, however, with the peak coming later in the year. Last year many steers suitable for slaughter were bought by feeders in July, August and early September for a short feed and were marketed in October or later. This tended to reduce the supply of slaughter cattle in the earlier period and increase it during the latter. Speculative feeding of this kind will probably be on a much reduced scale this year.

LAMBS

The lamb market was comparatively steady during the first three weeks of July, but a rather sharp break took place during the last week. This carried the top price of lambs at Chicago to $13.65, the lowest point for the season of the year since 1923.

Supplies of lambs during July were large. While receipts at seven leading markets were only 2 per cent larger than July 1928, inspected slaughter

was 16 per cent larger than in July 1928, and was 19 per cent above the 5-year July average and the second largest July on record.

The 1929 lamb crop was 250,000 head or 1 per cent smaller than that of 1928, with a decrease of 600,000 head in the crop in the Western States partly offset by an increase in the native States. The decrease in the Western States that market most of their lambs from August to November was about 900,000 head, these being the States from which most of the supply of feeding lambs come.

Market supplies during August while continuing liberal will not be as much above August 1928, as were July 1929 supplies above July 1928. Supplies during September and October will depend upon the extent to which unfavorable feed and other conditions in the Western States affect marketings. They probably will be smaller than during these months of 1928, and if so, prices probably will advance from present levels.

BUTTER

The price of 92 score butter at New York reached a low point of 41.5 cents on July 15 and then rose sharply reaching 43.5 cents on July 25, at which level it remained into August. For the month of July the price averaged 42.4 cents or 1.1 cents under the June price and 2.5 cents under the price for July 1928.

The favorable production conditions up to the middle of July in the north central surplus producing States was reflected in a farm price for butterfat in Minnesota, Iowa and Wisconsin on July 15 of 45.3 cents per pound or two-thirds cents under the June price and one and one-third cents under the price a year earlier. Poor pasture and feed conditions in the West have raised the butterfat price for Idaho, Washington and Oregon to 46 cents or one and two-thirds cents higher than the July 1928 price and slightly above the level a month earlier. In the seven Southeastern States the price continues to average about one cent per pound above last year's levels, and rose somewhat during July.

The marked rise in the price of 92 score butter the latter half of July was in part a seasonal phenomena, but resulted mostly from the period of hot, dry weather in the surplus producing regions. Pasture conditions on August 1 were 79.7 compared with 87.5 on July 1 and 85.6 a year ago. Grain prices have risen considerably in the past month.

Receipts at four principal markets declined from 78,296,000 pounds in June to 76,799,000 pounds in July or about one-quarter as much as the 5-year average decline between these months. Cold storage holdings increased to 161,614,000 pounds by the end of July, or to a point 25.9 per cent above those of a year ago, and 18.5 per cent above the 5-year July average.

Cold storage holdings and receipts were as follows:

	July 5-yr average	July 1928	July 1929
	1,000 lbs	1,000 lbs	1,000 lbs
Receipts 4 principal markets	79,638	73,415	76,799
Cold storage holdings (end of month)	127,986	120,437	151,614

Production has now passed the seasonal peak, and poorer pastures and higher feed prices will probably accentuate the decline. The recent rise in butter prices appears to have been in anticipation of a more than usual decline in production so that unless conditions become more severe than now appears likely, butter prices can be expected to make their normal seasonal rise on a level under that of last year when the New York price of 92 score butter averaged 46.9 cents in August and 48.8 cents in September.

EGGS

Egg prices increased steadily throughout July, though the hot weather and heavier receipts at the end of the month caused a slight drop, now regained. The price of fresh firsts at New York rose from 31 cents on July 1 to 33 on July 31, averaging 32.3 cents for the month. With the exception of 1925 this is the highest July figure since 1921 when it was a cent more. Other price comparisons follow:

	5-yr average	1928	1929
	Cents	Cents	Cents.
June	28.4	29.5	30.7
July	29.1	30.2	32.3
August	31.3	31.5	-

Receipts at the four markets during July were heavy for this period, 5 per cent above July 1928 and 6 per cent above the 5-year average, the excess occurring during the last ten days of the month. The increase is exaggerated somewhat by the necessary inclusion of an extra day, compared with last July, caused by the arrangement of Sundays. Receipts at the four markets were:

	5-yr average	1928	1929
	1,000 cases	1,000 cases	1,000 cases
June	1,817	1,704	1,748
July	1,268	1,274	1,342
August	999	1,007	-

These slightly heavier receipts are diminishing the shortage in receipts since January 1 as compared with the same period last year. Present conditions indicate that this difference will remain between 400 and 500 thousand cases during the rest of the year. Receipts since January 1 are:

	5-yr average	1928	1929
	1,000 cases	1,000 cases	1,000 cases
Jan 1 to June 30	10,154	10,425	9,863
" " " July 31	11,422	11,699	11,205
" " " Aug 31	12,422	12,706	-
" " " Dec 31	15,010	15,381	-

With the peak of the storage season at hand stocks of shell eggs are about a million and a half cases less than last year. This difference is partly made up by an increase over last year in the stocks of frozen eggs equivalent to 300 thousand cases of shell eggs. First of the month storage holdings of shell eggs are:

	5-yr average	1928	1929
	1,000 cases	1,000 cases	1,000 cases
July 1	9,573	10,002	8,510
Aug 1	10,076	10,496	8,958
Sept 1	9,564	9,944	-

During the past seven years August average prices of fresh firsts at New York have ranged from a half cent below July to four and a half cents above, the variation depending upon August receipts and storage holdings and on the level of prices reached in July. Prospects are for average receipts this month; storage stocks are extremely low; July prices were very high. August prices which averaged 32.9 cents for the first two weeks should probably average between 33 and 34 cents for the month. Lower prices are unlikely in view of the small supply at this season, while higher prices would probably be prevented by the release of more storage eggs. Last year fresh first prices averaged 32.8 cents in September, 33.1 in October and 36.6 in November. It is very likely that the increase in this year's prices over those of last year will become greater during the next three months.

WOOL

Prices for most grades of wool continued to fall during July, but most of the declines came in the first half of the month and prices were more stable, with some rises occurring in the second half. Fine wools were unchanged to 5 cents per pound lower at the beginning of August than they had been at the first of July and 46's, 36's, 40's were 3 to 5.5 cents lower but 56's, and 48's, 50's were steady to 5 cents higher. Strictly combing 64's, 70's, 80's (fine) territory wools averaged 94 cents (scoured) and 56's

Ohio and similar grease wools were 45 cents at Boston on August 3. Grease wool prices are now 10 cents per pound under those of a year ago, and scoured wools are 14.5 to 24.5 cents lower, the greatest declines being on the fine wools and the smallest declines being on medium grades. The price received by producers averaged 29.4 cents per pound on July 15 or approximately 1 cent lower than the June price and 8 cents lower than the price a year ago.

At the London wool sales, July 9 to 23, prices for most grades were 8 to 15 per cent below those of the May series. A part of this decline may have been due to inferior quality of the offerings. Reports from Germany show that prices for tops and noils were still declining up to the first of August.

Imports of combing and clothing wool were lower for the month of June than they were last year, but for the first six months of the year they amounted to 76,838,000 pounds against 65,988,000 pounds for the corresponding period of 1928. Despite the somewhat larger clip this spring receipts of domestic wool at Boston were lower this year than in either of the two preceding years for every month prior to July. In July, however, they totaled 53,652,000 pounds against 51,346,000 pounds in July 1928 and 55,877,000 in July 1927. Last year receipts in August fell to approximately half the level for July, but no such decline is likely to occur this year.

The wool stock report issued by the Bureau of Agricultural Economics and the Bureau of the Census shows that 347 million pounds, grease equivalent, of wool, tops and noils, were held by dealers and manufacturers on June 30. This is 42 million pounds less than a year ago and is due to smaller stocks of domestic wool.

Consumption of combing and clothing wool in mills reporting to the Bureau of the Census amounted to 26,939,000 pounds during June compared with 28,530,000 pounds in May and 24,323,000 pounds in June 1928. For the period January through June consumption of these wools by reporting mills totaled 78,679,000 pounds compared with 65,901,000 pounds for the corresponding period last year. Coincident with the higher rate of wool consumption there has been a higher rate of domestic cotton consumption and a more active general business situation for the current year.

British exports of tops, yarns, and woolen piece goods have been smaller this season than last and were lower in June than in May. Exports of worsted tissues for the first six months of 1929 as reported were much higher than in 1928 but this was at least in part due to a change in the system of reporting. The number of insured work people unemployed was 13.9 per cent on June 24, against 11.5 per cent on May 27 and 12.0 per cent on June 25, 1928.

On the continent trade and activity in the wool industry appears to be mostly moderate with indications of some improvement toward the end of July.

The 1929 wool clip of the United States is estimated to be 302 million pounds or 3 million pounds greater than that of 1928 and 20 million pounds greater than the 1927 clip. This estimate does not include the production

of pulled wool, which amounted to 50 million pounds in 1927 and 52 million pounds in 1928. The increase of approximately 1 per cent in the amount of wool resulted from a decrease in the weight per fleece which largely offset the increase of 4 per cent in the number of sheep shorn.

New Zealand is reported to have 7 per cent more sheep in April 1929 than in the preceding year, so that an increase in the 1929 clip seems probable. In New South Wales and Queensland, which have 65 per cent of the sheep of Australia, sheep numbers were 8 per cent greater on January 1, 1929 than in 1928. As the weight per fleece in 1928 was high, there probably will not be a corresponding increase in the 1929 wool clip, and some decrease has been anticipated by the national councils of wool selling brokers and growers, but another large clip seems assured. A generally satisfactory livestock situation is reported for the Union of South Africa but in Argentina and Uruguay some regions are still in need of rain.

COTTON

Cotton prices varied erratically during July, with some recovery from the low point reached at the first of the month. The price of middling cotton at the ten spot markets averaged 18.29 cents in July or slightly under the June average. Recently there has been a further decline, the price averaging 18.11 cents for the week ended August 10. The price received by producers on July 15 was 17.8 cents, or just under the June level, against a price of 21 cents on July 15, 1928. For the 1928-29 season middling cotton at the ten spot markets averaged 18.67 cents compared with 19.72 for 1927-28 and 14.40 for 1926-27, and 19.68 for 1925-26.

The Crop Reporting Board's August 1 forecast of the cotton crop is 15,543,000 bales of 500 pounds, gross weight. Last year's production totaled 14,478,000 bales. The forecasted increase of 1,065,000 bales is based on an increase in acreage and an indicated yield of 159.3 pounds per acre, compared with 152.9 last year and a 10-year average of 155.8.

The Bureau of the Census reports stocks of American cotton in the United States on August 1 to be 2,131,000 bales compared with 2,426,000 bales on August 1, 1928. The decrease was entirely in stocks outside of consuming establishments, although stocks in consuming establishments were reduced 235,000 bales during July. The Commercial and Financial Chronicle reports stocks of American cotton in European ports and afloat for Europe on August 2, to be 980,000 bales or 342,000 bales less than they were last year. The Garside Cotton Service tentatively estimates world carryover on August 1 to be 4,300,000 bales compared with their estimate last year of 5,121,000 bales. The New Orleans Cotton Exchange estimates the world carryover of American cotton on August 1 to be 4,395,000 bales, but have raised their last year's figure from 5,078,000 to 5,252,000 bales, and their 1927 world carryover from 6,952,000 to 7,191,000 bales.

It is apparent that the decrease in the world carryover will be sufficient to offset most of the forecast increase in production, so that from

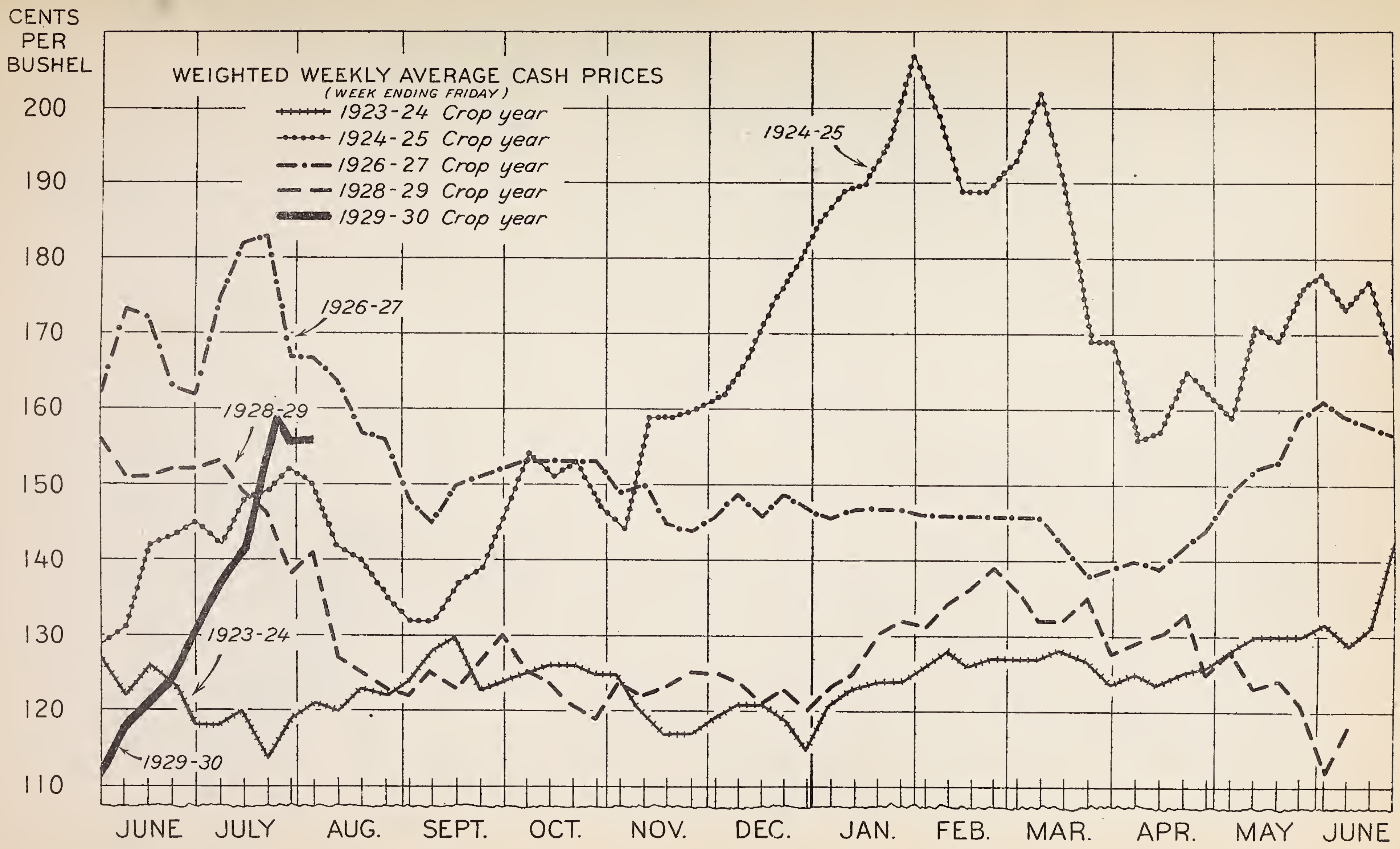
present indications the increase in the total world supply of American cotton for the 1929-30 season may not be more than 200,000 to 300,000 bales greater than that for the past season. Using 500 pound bales for the crop and running bales for the world carryover, the supply for the 1928-29 season was 19.6 million bales, while that for 1927-28 was 20.8 million, that for 1926-27 was 2 23.6 million and that for 1925-26 was 19.7 million.

As is usual in the summer months, domestic cotton consumption has been less than it was in the spring months, but is higher than it was a year ago. For July it was 546,000 bales compared with 570,000 in June and 440,000 in July last year. The total domestic consumption of cotton for the season 1928-29 was 7,099,000 bales compared with 6,834,000 for the season 1927-28. Both the Garside Cotton Service and the New Orleans Cotton Exchange estimate world consumption of American cotton for the past season as about 15,250,000 bales. In 1927-28 it was 15,400,000 bales according to the International Federation.

Exports are still low as they have been in recent months. In July exports were 238,000 bales compared with 299,000 in June and 331,000 in July last year. For the year ended July 31, exports totaled 8.0 million bales or 0.5 million more than in the previous crop year. This increase came early in the season and was due to a smaller carryover in foreign countries and lower cotton prices.

In the domestic cotton textile industry production was curtailed during July and sales increased somewhat making sales 112 per cent of production. Production, sales, unfilled orders are higher than last year and stocks on hand are lower, so that the domestic cotton textile industry is starting this season in a better condition than it was a year ago. In Great Britain there is a strike of spinners and weavers against wage reductions. This affects all cotton mills belonging to the Spinners Federation or practically all the cotton mills in the country. No settlement has been made as yet, attempts to arbitrate having ended in deadlocks. However, exports of cotton textiles increased in July to a level over that of June or of last July. There has been no material change in the continental cotton textile industry in recent months, and conditions in the central European countries being only fair, while in western Europe they are still good.

WHEAT: PRICE OF NO. I DARK NORTHERN SPRING AT MINNEAPOLIS



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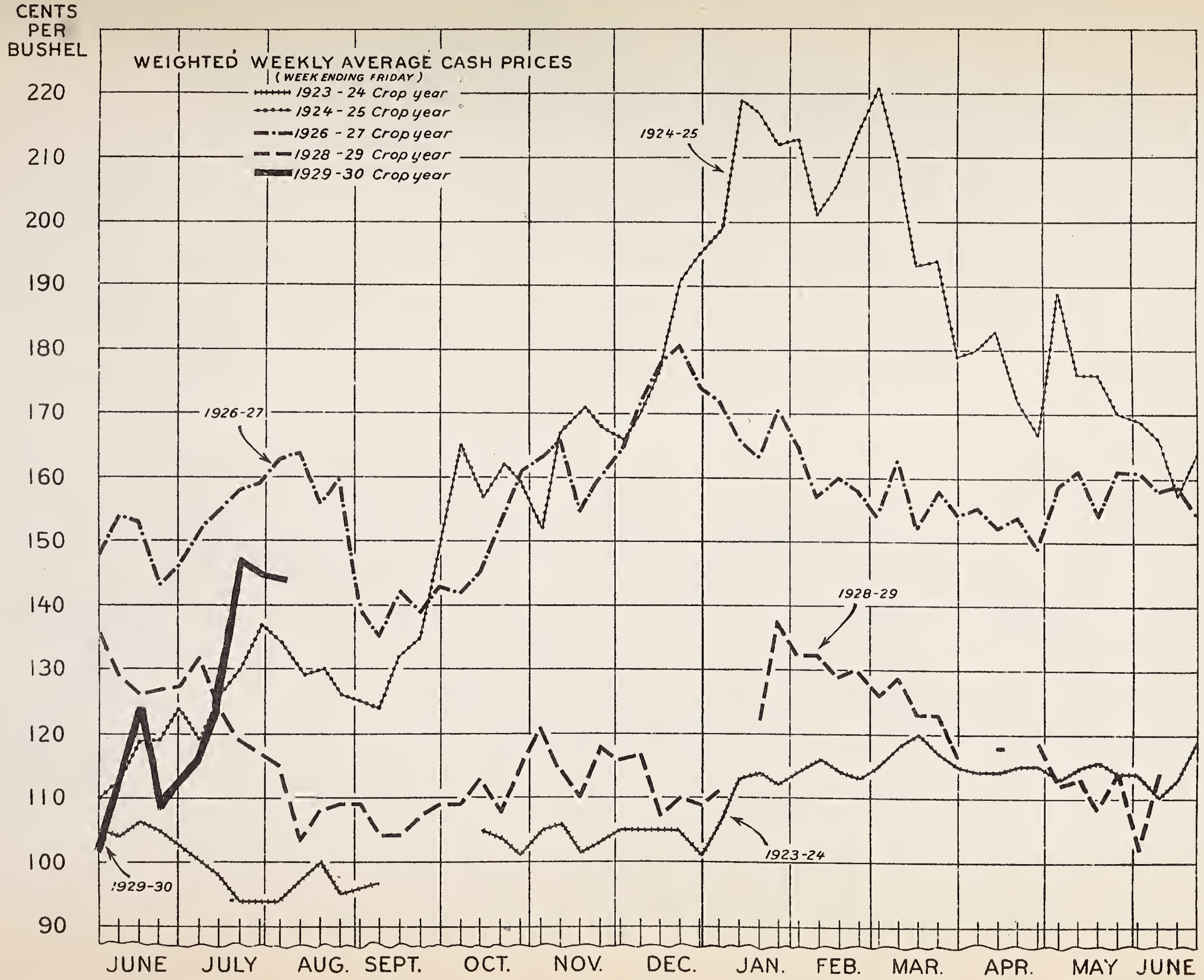
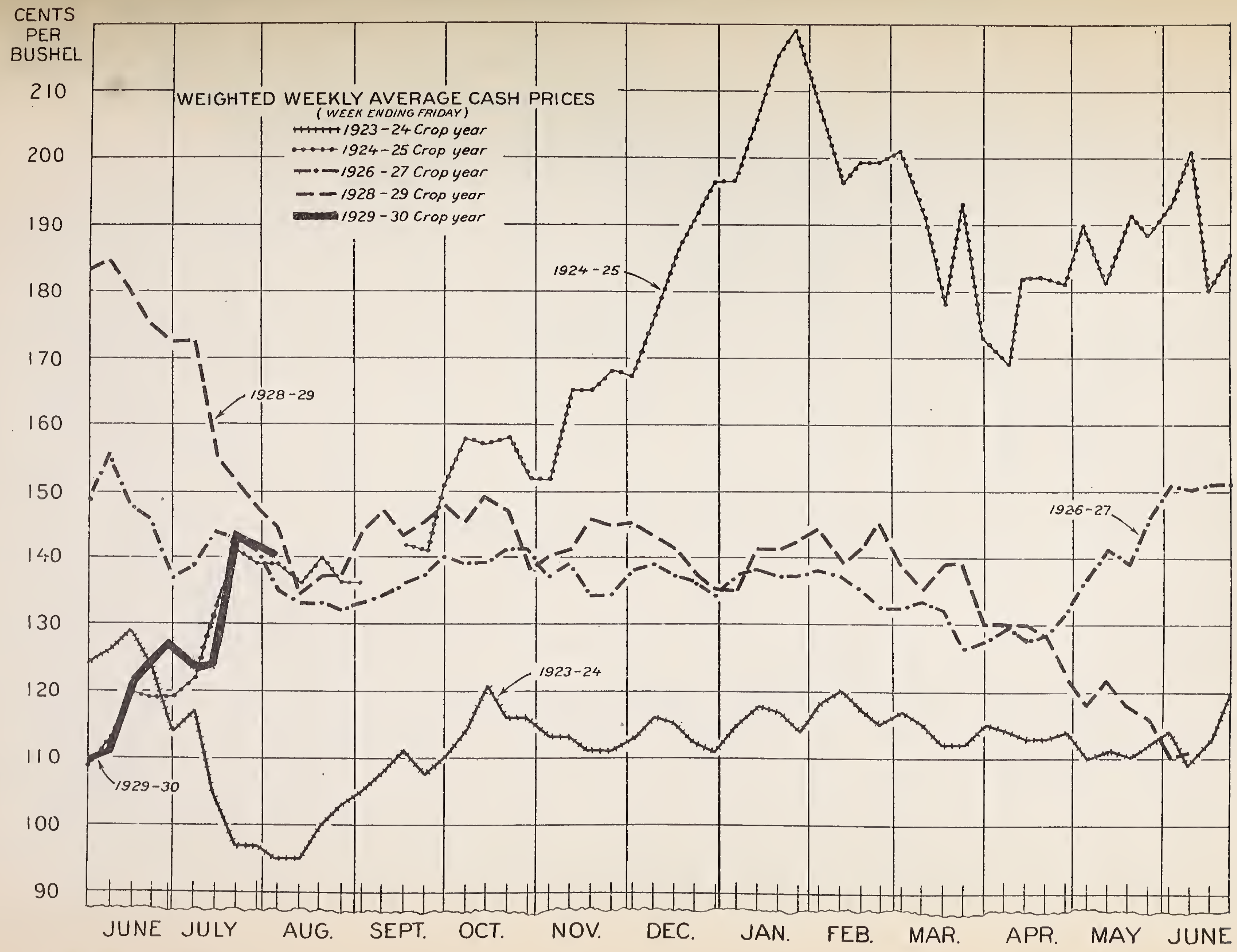
WHEAT: PRICE OF No. 2 AMBER DURUM AT MINNEAPOLIS



U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

WHEAT: PRICE OF No. 2 RED WINTER AT ST. LOUIS



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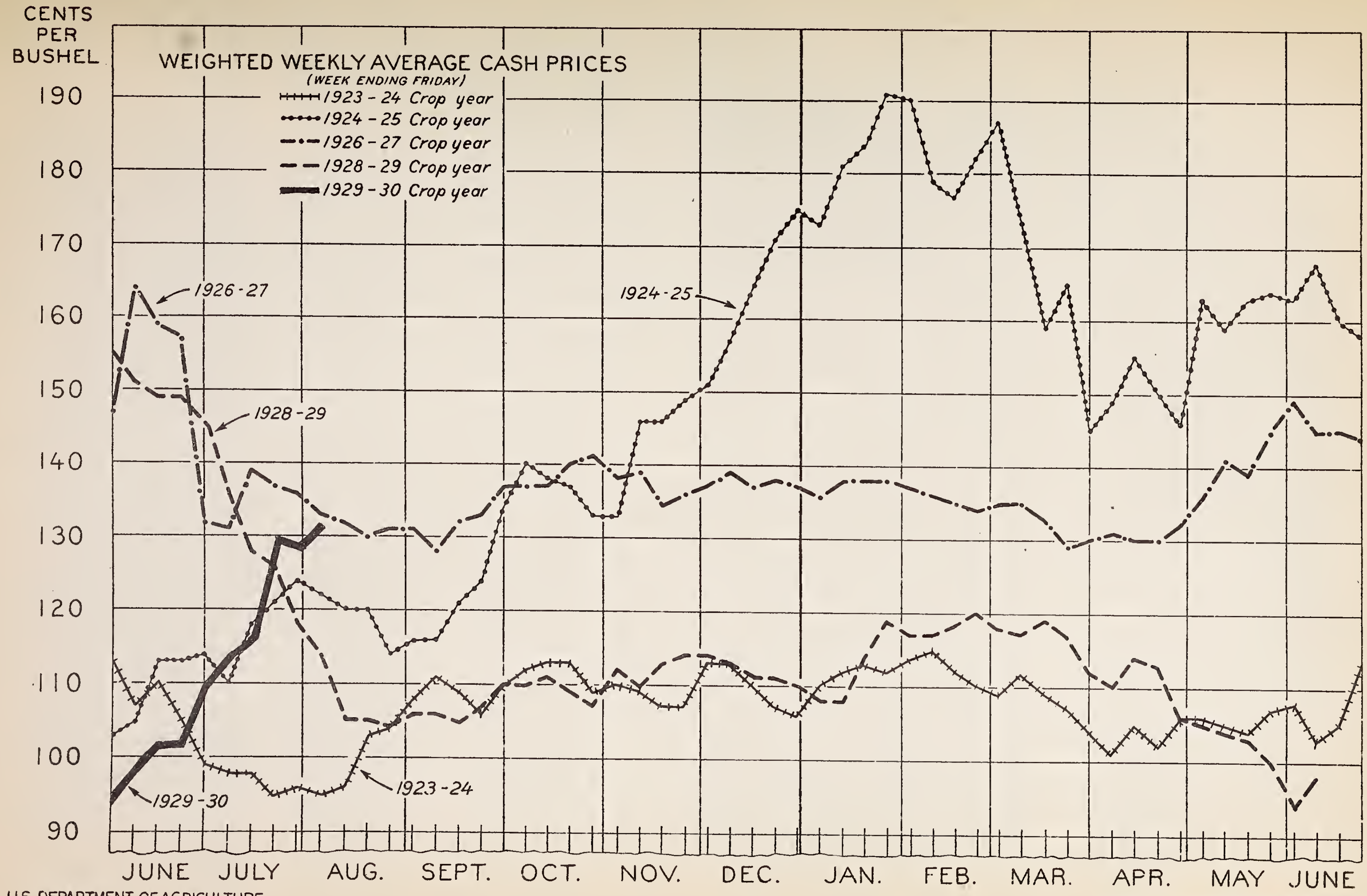
WHEAT: PRICE OF NO. 2 HARD WINTER AT KANSAS CITY



U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release September 16, 1929

THE PRICE SITUATION, SEPTEMBER, 1929

FARM PRICES

The general average of prices received by farmers has advanced about 8 points during the past three months, largely as a result of higher prices of grains, fruits and vegetables and this advance is likely to be maintained in the immediate future.

The general level of prices received by producers was higher on August 15 than on July 15, as indicated by a rise in the index of farm prices from 140 to 143, compared with 139 a year ago. Further advances in prices of all grains (except oats), in potatoes and eggs, were chiefly responsible for the 3 point advance in the general average. Prices of meat animals, horses, chickens, wool, hay, apples and cottonseed were lower on August 15 than on July 15. Since the middle of August prices of grains, butter, eggs, and cotton have advanced, while livestock prices declined further, indicating that the present level of farm prices in general is probably at least equal to that of August 15. Price prospects for the major farm products discussed in this report suggest that the recent advance in the general average of prices received by producers will be maintained during the next few weeks.

THE GENERAL COMMODITY PRICE LEVEL

Most of the advance in the general commodity price level from May to July was maintained during August, although lower prices of textile products, fuels, metals and miscellaneous items lowered the general average slightly. Prices of farm products are likely to continue to sustain the general commodity price level during the next few weeks.

Prices at the wholesale markets during the past few weeks declined moderately from the peak reached in the last week of July when the Annalist index averaged 150.5. By the end of August and first part of September the index declined to 148.3, as a result of lower prices of commodities other than farm and food products.

Farm product prices at wholesale averaged 147.4 in August compared with 147.1 in July and 137.7 in May, the recent low point. Food product prices averaged 154.8 in August, 154.2 in July and 144.3 in May. Both of these groups are likely to maintain their recent advances.

Textile prices continued to decline to the middle of August when they averaged 145.3 compared with 155.6 last January when the decline began. Since the middle of August they have advanced about a point, and may show further advances in the next few weeks.

Fuel prices have continued their recent decline, their average at 160.2 in the first week of September compared with 166.3 last January, 161.3 last March, which was followed by a recovery to 163.5 in June. Lower gasolene prices are responsible for the decline in this group. Metal prices also averaged slightly lower in August than in July, continuing the slightly declining trend since March. Building material prices have remained practically unchanged for the past four months.

BUSINESS CONDITIONS

During August business activity was again slightly below the peak reached in June and a rate of activity not quite so high as in recent months is to be expected, but the buying power of consumers in the next few months should continue above the levels for the corresponding period last year.

Pig iron production, although at record levels for August, was about 1 per cent below that of July, which is contrary to the usual seasonal change. Steel output as indicated by mill operations declined steadily during August and ended the month about 12 per cent below the peak of operations reached in May. Automobile production, which usually is greater in August than in July, continued to slow down slightly.

Car loadings in August were greater than in July or than in August last year, but the seasonal increase was somewhat less than usual. Building activity in August failed to maintain the advance of July when contracts awarded exceeded those of July 1928. The August total of contracts was again below the corresponding month of last year, as they have been every month this year, except July. These indications point to a level of activity at the present time slightly below the peak reached early this summer.

The financial situation in August continued to be marked by firmness in the money markets. The Federal Reserve Bank at New York raised its rediscount rate on August 9 from 5 to 6 per cent but lowered slightly its buying rate of acceptances. Commercial paper rates averaged slightly higher than the 6 per cent rates of recent months. The higher level of interest rates was accompanied by an advance in industrial stock prices (after a temporary recession following the raising of the rediscount rate) to new record levels, by the first week of September. Net imports of gold during August further increased the monetary gold stock of the country and Federal Reserve Banks also increased their purchases of bills, tending to offset in part the effect of higher interest rates. During the past month Federal Reserve Banks reduced their loans on securities and continued to increase loans for industrial and agricultural purposes. These loans for commercial purposes have advanced steadily since the last part of July to the end of August, the advance being greater than that for the same period of 1928, and reflecting the higher level of industrial activity and the greater volume of funds required in the agricultural States.

WHEAT

The wheat price outlook has not materially changed in the past month. An upward trend in prices is under way but the rise through September may not be quite so marked as it was in 1924. Any marked advance may be followed by heavy selling and some reaction in prices. It seems probable that the period January to March, after the closing of the Great Lakes, which checks the Canadian movement, and before the new Southern Hemisphere crops begin to move in large volume, will offer a more satisfactory time to sell wheat than the present.

Cash wheat prices declined in August under the pressure of heavy marketings. Farm prices as of the middle of August, however, averaged considerably above July, being 110.7 cents a bushel as compared with 102.4 cents a bushel. The weighted average cash prices for all classes and grades at six markets declined from an average of 135 cents for the week ended August 2 to 123 cents for the week ended August 30. All classes shared in the decline but the greatest change was in No. 1 dark northern spring which dropped from 156 cents to 134 cents. This adjustment, of course, was in part a shift from an old to a new crop basis. The price of futures has improved somewhat from the low points reached in the latter part of August.

Forecasts and estimates of production to date in 29 countries total 2,858,000,000 bushels, or 351,000,000 bushels less than was produced in the same countries last year. The outturn of the crops in the Southern Hemisphere is still uncertain but droughty conditions in Australia and Argentina indicate that the production in those countries is likely to be at least 125,000,000 bushels short of last year. The world's crop, outside of Russia and China, is now estimated to be about 3,400,000,000 bushels, as compared with 3,900,000,000 bushels last year. The increase in carryover offsets a part of the reduction in crop, making the reduction in world supplies about 360,000,000 bushels. Taking into account the average annual increase in demand this reduction in supply would normally raise the average price in world markets about 40 to 45 cents per bushel over the average of the past year.

As expected a month ago heavy marketings in the United States have depressed prices. The heaviest marketing season, however, is about over for all classes of wheat.

High protein content in the new wheat crop has also been a factor in lowering the level of the average prices of hard wheats in the United States. Tests made to date indicate that the average protein content of the hard wheats is generally a little higher than last year and premiums on high protein have almost disappeared. At Minneapolis the price of 15 per cent protein wheat for the week ended September 7 was only 2.5 cents over September futures and at Kansas City the protein premium had practically disappeared. Heavy marketings and congested storage space may be a factor in the reduction of these premiums. Insofar as it is a factor some increase in premium may be expected in the latter part of the year.

The cash price of No. 2 hard winter wheat at Kansas City to date has followed fairly closely the course of prices in the 1924-25 season when it averaged 135 cents per bushel. The cash price of No. 2 soft red winter is also on about the same level as in the corresponding period of 1924-25 when No. 2 soft red winter at St. Louis averaged 159 cents per bushel for the season. The latest official estimate of the hard red spring wheat crop indicates a production of 132,000,000 bushels, which is less than the usual domestic requirements for that class of wheat and prices to date have averaged about the same as in 1924, when No. 1 dark northern spring at Minneapolis averaged 158 cents per bushel. A short crop of durum will probably result in prices of that wheat averaging about 156 cents per bushel at Chicago for No. 2 amber durum. Charts showing the course of prices in the 1924-25 season in comparison with this season are attached. In studying these charts it should be kept in mind that while the general supply conditions are now quite similar to what they were in 1924, the course of prices in the season may be modified to some extent by changes in marketings and differences in the distribution of the crop.

CORN

Changes in crop prospects during the past month have greatly changed the outlook for corn prices. The present crop forecast of 2,456 million bushels and other supply and demand conditions now point to an average price during December close to present levels. This, together with the present small stocks, indicates that corn prices between now and the beginning of the new season will be well maintained. There are likely to be marked fluctuations of cash corn prices on account of uncertainty as to the market supplies of old corn which will be available for current commercial requirements. While changes in crop prospects will not be as great as during the past two months they may be sufficient to affect prices materially during the next two months and the outlook for prices in the 1929-30 season.

During August cash corn prices averaged higher than in July. The United States average of farm prices as of the middle of the month was 95.9 cents against 91.2 cents per bushel in July. The average price of No. 3 yellow corn at Chicago was seldom below 100 cents and averaged 101.2 cents per bushel for the month. The first week in September, No. 3 yellow at Chicago averaged 102.1 cents per bushel.

The Crop Reporting Board's report as of September 1 forecast the United States production of corn as 2,456 million bushels--a figure 285 million below that of a month before. The present forecast is 380 million bushels below the estimated production of last year. Production of nine principal Corn Belt States is now forecast as 1,625 million against 1,946 million last year. The oats, barley and grain sorghum crops are estimated to be below last year's levels and this situation will further reduce supplies of feed grains below last year. Total production of corn, oats, barley and grain sorghums now appears likely to be about 98 million tons against 115 million last year.

Commercial stocks of corn have decreased to 6.1 million bushels for the week ended September 6 compared with 8.4 million the corresponding week of last year. The decrease of commercial stocks during the past six weeks of this year has been fully as great as during the corresponding period last year and the present low level points to an almost complete exhaustion of commercial supplies by the end of October. Despite high prices, receipts during July and August have been less than last year and it seems doubtful if there will be any marked increase during September and early October to ease the supply situation in the cash market. Wet process grindings continue to show a good rate of corn utilization, total reported grindings for August being 7.7 million bushels compared with 6.6 million in July and 5.2 million for August 1928.

POTATOES

Recent deterioration has reduced potato crop prospects by 24 million bushels and the general price level has been adjusted upward in line with the indicated small crop. If no further deterioration takes place from now on, the present general level of potato prices may be maintained, with a possible downward adjustment of prices in the East and a further advance in the North Central area during the next two or three months.

Further crop deterioration in recent weeks and a change in price quotations in the late producing areas from low prices for the old crop to higher prices for the present crop has resulted in an unusual advance in the farm price of potatoes from 87 cents per bushel July 15 to 139 August 15. At the central markets, where prices have reflected the small summer supply from the Southern States, there were different price trends. At New York the average price for August, $3.27 per hundredweight was nearly 50 cents higher than in July and about $2.00 higher than a year ago. At Chicago the average price for August, $2.45 per hundredweight, was about 30 cents less than in July and about $1.40 higher than last year. At both of these central markets prices tended downward toward the end of August with a recovery on the Chicago market during the first week of September.

Crop prospects were reduced 24 million bushels during August. Based on September 1 conditions, there is in prospect a total crop of only 349 million bushels compared with last year's record crop of 464 million and the 1925 short crop of 321 million, and 354 million bushels in 1926. Considering production in the 35 late States the crop in prospect is about 318 million bushels compared with 421 in 1928, 301 in 1925 and 326 in 1926. In practically all States except New England, the present estimates of production are below those of last year. Compared with average production, the prospective crops in New England and Idaho are large, while those in New York, Michigan, Wisconsin, Minnesota and North Dakota are slight.

Producers throughout the country are likely to receive an average price of around $1.45 per bushel for their marketings during the period September to March provided crop conditions do not change materially from now on. In 1926, with a late crop about 8 million bushels larger than the present estimate for this year, the average price received by growers was about $1.35 per bushel. With prices for the country as a whole on August 15 averaging $1.39, and some advance since then, the general level of potato prices appears to be approximately equal to the average for the season that may be established by a late

crop of 318 million bushels, and if the crop is marketed at a normal rate, no material changes in the present price level would result. There may, however, be some important price shifts in some of the important producing areas. Taking into account the supply in these areas as well as the national supply, it appears probable that prices in Maine may be lower in November and December than they are at present and in Minnesota and Michigan they may be higher. In New York and Idaho no material changes are indicated for the next two or three months. Any important changes in crop conditions from now on would of course alter these price prospects.

TOBACCO

Flue-cured

The average price of flue-cured tobacco this year will probably not greatly exceed that of last year. The average price for tobacco of similar quality will probably be slightly below that of last year. The supply and demand situation appears not quite so favorable and the quality of the crop somewhat better than last year. The average price on local markets for the 1929 Georgia crop was 18.4 cents per pound compared with 12.8 cents in Georgia in 1928 when the crop was extremely poor and 17.6 cents in the entire belt in 1928.

Burley

Present indications are that the average price of burley for the 1929 season will be between those of 1923 and 1927 depending largely upon developments affecting yield and quality during the next few weeks. In 1923 the average price on local markets was 21.4 cents per pound and in 1927 it was 26.0 cents. The August drought has caused a material reduction in the indicated production of burley from that expected a month ago. The indicated total supply is 5 per cent less than that of 1923 and approximately the same as in 1927. The crop of 1927 was the smallest in recent years and the stocks the largest excepting 1926. The indicated production in 1929, according to September 1 crop conditions, is 120 million pounds less and the stocks larger by approximately the same amount than in 1927.

Maryland and Ohio export

The 1928 crop of Maryland and Ohio export tobacco was marketed at gradually improving prices, the seasons average being approximately 22 cents per pound. Taking into account the storm damage of last season the indications are that the quality of the 1929 crop will be better than last year and prices equal to or better appear probable. Both stocks and indicated production are practically unchanged.

Green River

Stocks of Green River tobacco have been gradually reduced and prices have gradually improved since 1925 when extremely low prices prevailed. In 1928 the average price on local markets was 11 cents a pound. If the quality of the 1929 crop is equal to that of last year the price will probably not be greatly different.

One sucker

The prices of one sucker tobacco have shown marked improvement during the past two years following the extremely low prices of 1926. If the quality of the crop is equal to that of last year it is probable that the price will almost equal the 1928 average price of 13.1 cents per pound. The stocks are smaller and the indicated production larger than last year but the total supply is not greatly changed.

Virginia sun-cured

If the quality of the Virginia sun-cured crop is as good or better than last year prices as high or higher appear probable. The indicated supply is slightly smaller than in 1928 and the smallest in recent years. The disappearance has declined slightly in recent years. The average price on local markets in 1928 was 8.5 cents per pound.

Kentucky and Tennessee fire-cured

Unless the 1929 crop of Kentucky and Tennessee fire-cured tobacco is exceptional in quality the prices will probably average lower than those of last year. In the Hopkinsville and Clarksville district the average price in 1928 was 14 cents a pound and in the Paducah district the average was 12 cents a pound. The indicated supply is 10 per cent larger than last year.

Virginia fire-cured

Present indications are that the prices of Virginia fire-cured will be above those of last year provided the quality of the crop is average or above. In 1928 the price on local markets averaged 10 cents per pound. The indicated supply is 22 per cent less than last year.

Henderson stemming

The prices of Henderson stemming tobacco have gradually improved each year since 1925 when they were extremely low. The total supply has been less each succeeding year. Present indications are that prices will average as high or higher than last year for tobacco equal to that of last year in quality. The average price in 1928 was 11.2 cents per pound. The indicated production according to September 1 crop conditions is well above that of 1927 or 1928 but stocks have been so reduced that the total supply will probably be about 12 per cent less than that of 1928.

Cigar binder

Present indications are that the prices of New England, New York and Pennsylvania Havana seed and New England broadleaf cigar binder tobacco will be equal to or better than those of last year for crops similar to those of last year in quality. In Wisconsin the price will probably average below that of 1928 unless the quality is better. The average prices received by growers in 1928 were 24 cents per pound for New England Havana seed, 21 cents per pound for New England broadleaf and 18.2 cents per pound for Wisconsin.

Cigar filler

Prices not greatly different from those of 1928 appear probable for Pennsylvania and Miami Valley filler types, provided the quality is similar to that of last year. In Pennsylvania the average price received by growers in 1928 was 14 cents per pound and in the Miami Valley it was 17 cents per pound. The indicated production and stocks on hand in each district are not materially different from those of 1928.

COTTON

The cotton crop deteriorated in August and the September 1 forecast of production was 14,825,000 bales. World consumption of American cotton for the season ended July 31, 1929 was only 15,076,000 bales or 331,000 bales below that of the previous season according to the International Federation of Cotton Spinners. Even last season's restricted consumption, however, was materially greater than the 1928 crop so that world stocks at the beginning of this season were again reduced. The total world supply of American cotton for the present season now appears to be less than that for last year and the smallest since 1924-25. Due largely to lower European demand for our cotton prices for middling cotton at the ten spot markets last season averaged 18.67 cents per pound or approximately 1 cent per pound less than in 1927-28 when the supply was 1.2 million bales greater. Prices for the first half of September have been somewhat below the average for the previous season.

Cotton prices declined in the first half of August, middling cotton at the ten spot markets reaching 17.43 cents on the 15th. For the first ten days of September the price averaged 18.24 cents. For the month of August the price averaged 18.04 cents per pound compared with 18.29 cents for July and 18.72 cents for August 1928. The price received by producers on the 15th of the month averaged 18.0 cents in August, 17.8 cents in July, and 18.8 cents in August 1928. The weighted average farm price for the 1928-29 season was 17.99 cents, compared with 20.2 cents in 1927-28 and 12.5 cents in 1926-27 and 19.6 cents in 1925-26.

Hot dry weather in most of the cotton belt west of Georgia injured the cotton crop so that the Crop Reporting Board reduced its forecast of production from 15,543,000 bales in August to 14,825,000 in September. The 1928 crop was 14,478,000 bales or 347,000 bales below the September forecast for this year's crop.

World mill stocks of American cotton totaled 2,129,000 bales on August 1, 1929 and 2,112,000 bales on August 1, 1928 according to the International Federation of Cotton Spinners. Since domestic mill stocks of American cotton on August 1 were 3,000 bales lower than they were last year, this leaves foreign mill stocks of American cotton only 20,000 bales greater than last year. The Commercial and Financial Chronicle reported American cotton in European ports and afloat for Europe on August 2 to be 342,000 bales less than at the beginning of last season, and the Bureau of the Census reported domestic stocks of American cotton on August 1 to be 295,000 bales less than on August 1, 1928. Summarizing these data for domestic stocks, foreign mill

stocks, and European port and afloat stocks, we have accounted for reductions amounting to 617,000 bales in the world carryover of American cotton. Since last year's world carryover was about 5.1 million bales, this would reduce the carryover for this year to about 4.5 million bales. Adding this carryover to the present forecast of production gives a total supply of 19.3 million bales, compared with 19.6 last year, 20.8 in 1927-28, 23.5 in 1926-27 and 19.7 in 1925-26.

World consumption of American cotton for the year ended July 31, 1929 was 15,076,000 bales compared with 15,407,000 in 1927-28 and the record consumption of 15,780,000 in 1926-27 according to reports of the International Federation of Cotton Spinners. Since consumption of American cotton in the United States was 233,000 bales greater than in 1927-28, foreign consumption was 564,000 bales less. While the reduction in European consumption appears to have been more severe than early reports indicated, it was evident throughout the last half of the season that Europe would have a reduced consumption of American cotton. Even last season's restricted consumption, however, was enough greater than the 1928 production to reduce the world carryover of American cotton materially.

Exports of cotton continued low during August, being 226,018 bales compared with 237,506 in July and 252,627 in August last year. Stocks of American cotton in European ports and afloat for Europe at the end of August were below those at the beginning of the month or of last year, being 773,000 bales on August 30, or 200,000 bales less than on August 2, and 300,000 bales below those of a year ago, according to the Commercial and Financial Chronicle.

Domestic consumption of cotton in August was above that of July and considerably above the low levels of this season last year, being 558,113 bales in August, 546,457 in July and 526,340 in August 1928.

Activity in the cotton textile industries of the principal foreign cotton consuming countries appears to have been somewhat lower in July and the early part of August than in the month immediately preceding. Activity in the cotton textile industries in the central European countries continues low but in western Europe and Italy activity remains good. The cotton textile strike in Great Britain, which started on July 29 was ended on August 19. The Arbitration Board decided upon a 6.41 per cent reduction in wages compared with the 12.82 per cent reduction demanded by the employers. In Japan cotton consumption in July was slightly reduced from its previous high level.

Activity in the cotton textile industry in the United States increased during August, the weekly average production being about 5 per cent above that of July and nearly 2 per cent above August last year according to reports of the Cotton Textile Institute. Sales were about 8 per cent less than in August a year ago, but shipments were about the same and unfilled orders at the end of the month were 23 per cent greater.

WOOL

Although wool prices have become stable with a few rises occurring, there are prospects of another large clip in the Southern Hemisphere, and European demand appears only moderate.

Prices of domestic wool at Boston were for the most part unchanged during August and the first week in September, in marked contrast to the severe declines which occurred in most of the previous months this year. The changes which did occur in August constituted advanced of one-half to 1 cent per pound except for 56's scoured fleece clothing wool which rose 3 cents per pound. No declines were registered. On September 7 prices for 64's, 70's, 80's (fine) strictly combing Territory wools averaged 94 cents scoured against 112.5 cents a year ago, and Ohio and similar strictly combing scoured 56's (3/8 blood) grease wool averaged 45 cents compared with 54.5 cents on September 8, 1928. The price received by producers on August 15 at 29.2 cents per pound was practically unchanged from that of 29.4 cents on July 15, but was 21 per cent below that of 37.0 cents on August 15, 1928.

Prices of Australian wools at the opening of the Adelaide auctions on September 7 were a little lower than at the last series and were about 33 per cent under the opening prices last year, but there is not sufficient information as yet to determine whether the new prices represent further declines or only adjustments to declines which have occurred in other markets since the previous sales. Competition at the sales was fairly good. The Continent was the largest buyer although Germany took very little wool. Prices of wool tops, and yarns continued to decline during August in Great Britain and France.

Imports of combing and clothing wools during July were nearly 1 million pounds less than last year but for the seven months ended July 31, imports amounted to over 80 million pounds or 10 million pounds more than for the same period last year.

Receipts of domestic wool at Boston during the past two months were larger than in 1928 or 1927. Receipts during August amounted to 32 million pounds or about 6 million more than during August 1928. However, the total receipts reported for the first eight months of 1929 were only 164 million pounds or about 18 million less than for the same period last year.

Consumption of combing and clothing wools in mills reporting to the Bureau of the Census was again high, amounting to 30 million pounds during July compared with 27 million pounds in June and 24 million pounds during July of last year. The total consumption of combing and clothing wool reported from January 1 to July 31, 1929 amounted to 206 million pounds or 22 million more than was reported for the same period last year. Of this increase, 8 million pounds were domestic wools and 14 million pounds were foreign wools.

Conditions in the British, Belgian and Italian wool textile industries were very quiet during August. For the first part of September, however, business in the Bradford market is reported to have improved considerably,

according to a cable from Agricultural Commissioner Foley at London. France was well employed in August but new yarn sales for import were small. The German wool industry reported satisfactory activity in the worsted mills with sufficient new business to keep that industry employed for the next few months. The German woolen spinners, however, reported unsatisfactory activity and lack of new orders.

It is probable that the coming clip will be larger than that of last year in South Africa and New Zealand, but in Argentina drought conditions may reduce it, although there is no definite information on the extent of this as yet. Australia is starting to shear its 1929-30 clip and receipts of new wool at Sydney have been heavier than last year, due to an earlier season. Despite the 5 per cent increase in Australian sheep numbers on January 1, it is estimated by the Australian Councils of Wool Selling Brokers and Growers that this year's clip will be lower than the record clip of last season. Last year the fleece weights averaged 8.8 pounds as against a 5-year average of 8.3 pounds. It is stated that drought conditions will reduce the clip in New South Wales and western Australia although there will be a larger clip in Queensland. No great death losses have been reported, however, so that a large clip seems assured even if fleece weights are somewhat lower.

CATTLE

Receipts of cattle are lower than they were at this period last year, but shipments out to feed lots have been smaller and inspected slaughter was larger in July and August than for these months in 1928. This slightly greater supply for packers and less active demand has weakened prices. This first affected prices for feeders which turned downward in July but more recently there has been a weakening of choice cattle prices. A smaller corn crop with higher feed prices and last year's unsatisfactory experience may keep feeding operations at a low level, while poor pastures may result in heavier marketings than would otherwise occur. Fat cattle should therefore sell at considerable premiums over common kinds and above last year's levels, but feeder prices will probably remain below those of a year ago.

Good and choice cattle prices remained steady into August but other grades declined. Chicago prices of choice cattle are now lower than a year ago, averaging $16.25 for the last week in August compared with $16.55 for the same time last year. Common grades and feeder steers were considerably lower than at the corresponding period of last year. The average cost of stocker and feeder steers shipped from Chicago during the last week in August was $10.29 compared with $11.94 for the same week in 1928.

Receipts of cattle at the seven leading markets during August were 719,815 compared with 733,787 in July and 77,505 in August last year. Slaughter under Federal inspection in August was slightly above July and above August last year, being 726,000 in August, 706,000 in July, and 717,000 in August 1928. Movement of stocker and feeder cattle into the corn belt from the leading markets during August was 14 per cent or 21,000 head less than in August 1928 but was 8 per cent above that of August 1927. The drought during August greatly reduced the prospects for corn production and lowered the pasture conditions. These conditions, together with the generally unprofitable results from cattle feeding last fall and winter have reduced the demand for feeder cattle and explains the lower price for that grade.

In some areas of the western States pasture conditions are the worst that have prevailed since 1919. Winter range prospects are poor over large areas in the northern great plains and Rocky Mountain States, and in some States forced marketings of cattle will undoubtedly occur.

Should these unfavorable feed conditions force heavier marketings of cattle this fall than would otherwise be anticipated this may change the price situation considerably.

The seasonal downturn in prices of the better grades of fed cattle this fall is expected to occur later than the decline which started in September 1928, and some improvement from present levels is probable before this decline gets under way, Prices for fed cattle will probably average higher this coming winter than they did last winter. Prices of stocker and feeder cattle will probably continue below those of last year.

HOGS

Heavy hog marketings during August have caused prices to decline. Some rise appears probable before the seasonal decline of October and November gets under way unless the prospect of a short corn crop causes heavy marketing in the next few weeks.

The downward trend in hog prices, which began the third week in July, continued during August and the first week in September. The average cost of hogs to packers at Chicago declined from $10.83 for the week ended August 10 to $9.92 for the week ended September 7, while during the same period last year the average cost of hogs advanced from $10.87 to $12.08.

Receipts at primary markets have continued to run somewhat larger than a year ago. The average weekly receipts at the 12 principal markets during August were 446,278 or 21 per cent above those of August last year, which is largely responsible for the declining prices of the past seven weeks. Average weights have also been somewhat heavier than a year ago, especially at Chicago where weights in August averaged 8 pounds over a year ago. The heavier weights were due to the larger percentage of packing sows which continued to increase the spread between prices for packing sows and other types of hogs.

Stocks of pork in storage on September 1 were 720 million pounds or 38 million above those of the same date a year ago and 7 per cent above the 5-year average for that date. Lard stocks were 179.9 million pounds compared with 177.9 million pounds last year and an average of 147 million for the past 5 years. Exports of both pork and lard during July continued above a year ago.

The wholesale prices for all classes of fresh pork products advanced during the month, fresh pork loins making the biggest advance, amounting to nearly $3.00 for the period August 10 to September 6.

Considering the heavy marketings of hogs during the past 2 months, if indications of a smaller total number of hogs to be marketed prove correct, prices may react prior to the usual fall decline. A smaller corn crop and higher feed prices may result in a larger number of hogs coming to market than would otherwise be expected and in lighter weights.

LAMBS

The lamb market during August was fairly steady, the weekly average of good and choice lambs at Chicago varying from $13.28 for the week ended August 3 to $13.56 for the week ended August 10. During the first week in September prices declined slightly, averaging $13.19 for the week.

Receipts of lambs at the seven leading markets during August were about equal to August a year ago, but inspected slaughter of sheep and lambs was 9 per cent above a year ago and was the largest for any August on record except in 1912 when it was 8 per cent larger. Supplies during the remainder of the present season to November 1 will depend upon the extent to which unfavorable feeding conditions in the western States affect marketings. Marketings are likely to be somewhat smaller than during 1928, and if so, some advance in price may be expected from present levels.

BUTTER

Butter prices have advanced fairly steadily since August 23 and may be expected to follow the usual seasonal advance throughout the remainder of the year but are not likely to reach those of corresponding periods of a year ago for some time.

The average price of 92 score butter at New York for August was 43.4 cents compared with 46.8 cents in August 1928 and 42.4 cents for the 5-year average. The low for the month was on August 6 at 43 cents and the high was reached on August 29 at 44 cents. Prices had advanced to 46.0 cents on September 10. The farm price of butterfat on August 15 was about the same as on July 15 in all sections of the country. Farm prices are about the same as a year ago except in the extreme Northwest and the region centering around Nebraska, Kansas and Missouri where prices are above those of a year ago, and in Minnesota, Wisconsin and Iowa where they are lower.

Cold storage holdings on September 1 were the largest on record, 168,974,000 pounds compared with 136,175,000 pounds on the same date last year and 144,574,000 pounds for the 5-year average. Receipts at the four principal markets were 62,029,000 pounds in August compared with 62,203,000 pounds in August 1928.

Present indications are that for the remainder of the fall and during the winter, production of butter will not equal that of the corresponding period a year ago. Pasture conditions which are a principal factor influencing the production of butter during September are much less favorable than a year ago. The average condition for the ten principal butter producing States on September 1 was 68.3 compared with 83.8 last year. The butter-feed ratio promises to be less favorable to heavy feeding than a year ago. The large storage stocks, however, are likely to prevent prices rising above those of a year ago, before January, since much butter will move from storage as rapidly as a profit can be realized on it. At least the usual seasonal advance in price may be expected during the next few months. For the past five years December prices have averaged 7.8 cents above August prices.

EGGS

In view of the very low cold storage holdings at this period of the year when storage supplies are an important factor in the price situation, it seems probable that egg prices during the next two or three months will advance to a peak considerably above prices for the same period last year. After November, this year's pullets, which are somewhat greater in number than a year ago, should begin to increase receipts somewhat more than usual and consequently to lower prices.

Demand during the past season has been greater than a year ago since larger quantities have moved at higher prices. There is no indication at the present time that this demand will decrease for some time. During August the price of fresh firsts at New York climbed steadily from 32.2 cents on August 1 to 36.2 cents on August 31. The average for the month was 34.4 cents which is the highest average for this grade since 1921. Fresh first prices have recently become increasingly higher than for similar months last year. The June 1929 price was 1.2 cents more than in June 1928; July was 2.1 cents more; and August was 2.9 cents more than in 1928. A summary of prices follows:

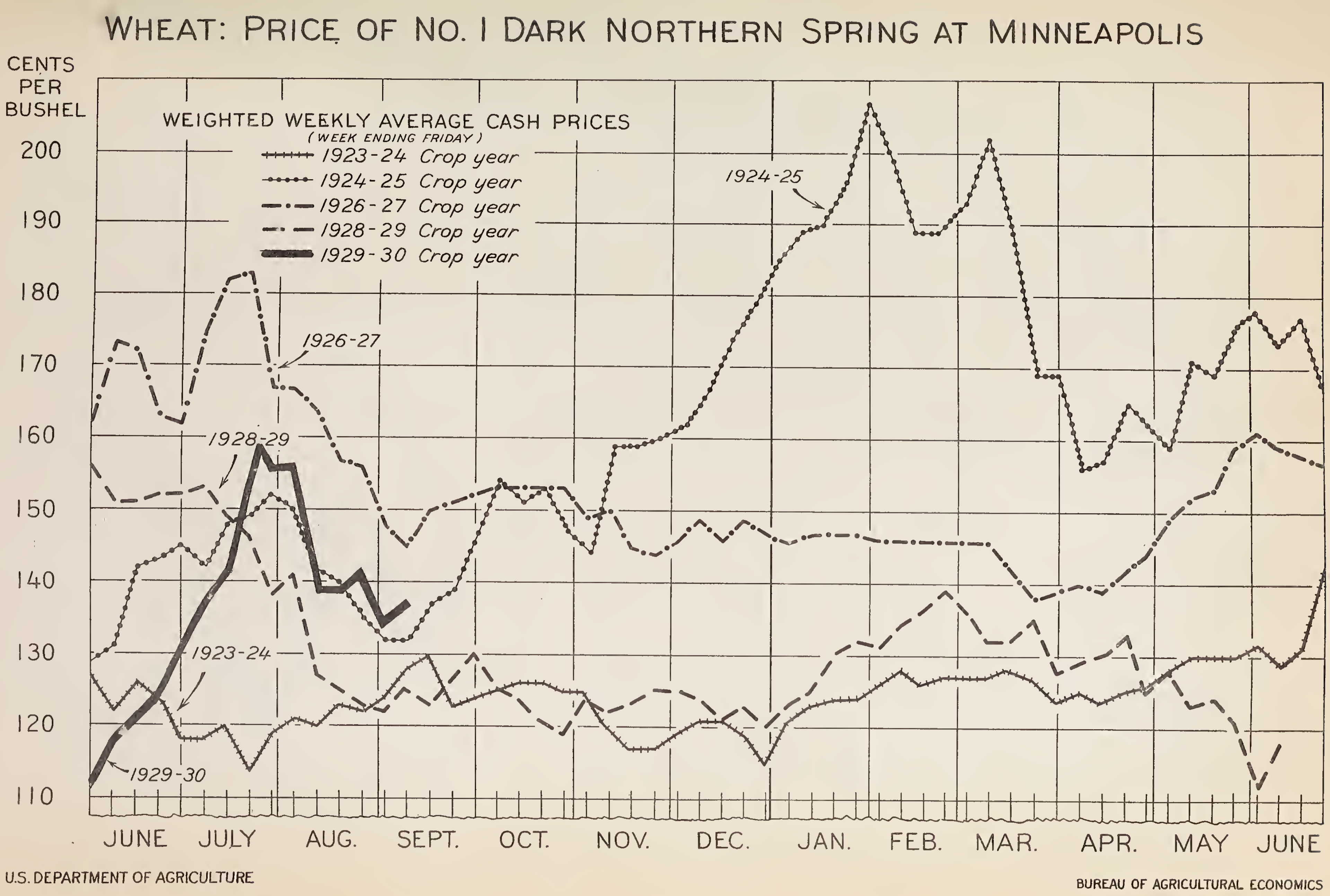
	5-year average Cents	1928 Cents	1929 Cents
July	29.1	30.2	32.2
August	31.3	31.5	34.4
September	36.0	32.8	

This large increase in price occurred in spite of comparatively heavier receipts at the four markets, as shown below:

	5-year average 1000 cases	1928 1000 cases	1929 1000 cases
July	1,268	1,274	1,342
August	999	1,007	1,095
September	863	885	

August receipts were about 9 per cent greater than for August 1928 or for the 5-year average. These heavier receipts are reducing the shortage in receipts since January 1 as compared with a year ago. This difference is now slightly more than 400 thousand cases as compared with 500 thousand cases or more difference during the past few months.

Cold storage holdings of shell eggs were 8,540 thousand cases on September 1 as compared with 9.944 thousand cases September 1, 1928 and 9,564 thousand cases for the 5-year average. Stocks of frozen eggs show an increase of 2,501 pounds over last year.


WHEAT: PRICE OF NO. I DARK NORTHERN SPRING AT MINNEAPOLIS
CENTS PER BUSHEL
WEIGHTED WEEKLY AVERAGE CASH PRICES
(WEEK ENDING FRIDAY)
1923-24 Crop year
1924-25 Crop year
1926-27 Crop year
1928-29 Crop year
1929-30 Crop year
200
190
180
170
160
150
140
130
120
110
1924-25
1926-27
1928-29
1923-24
1929-30
JUNE
JULY
AUG.
SEPT.
OCT.
NOV.
DEC.
JAN.
FEB.
MAR.
APR.
MAY
JUNE
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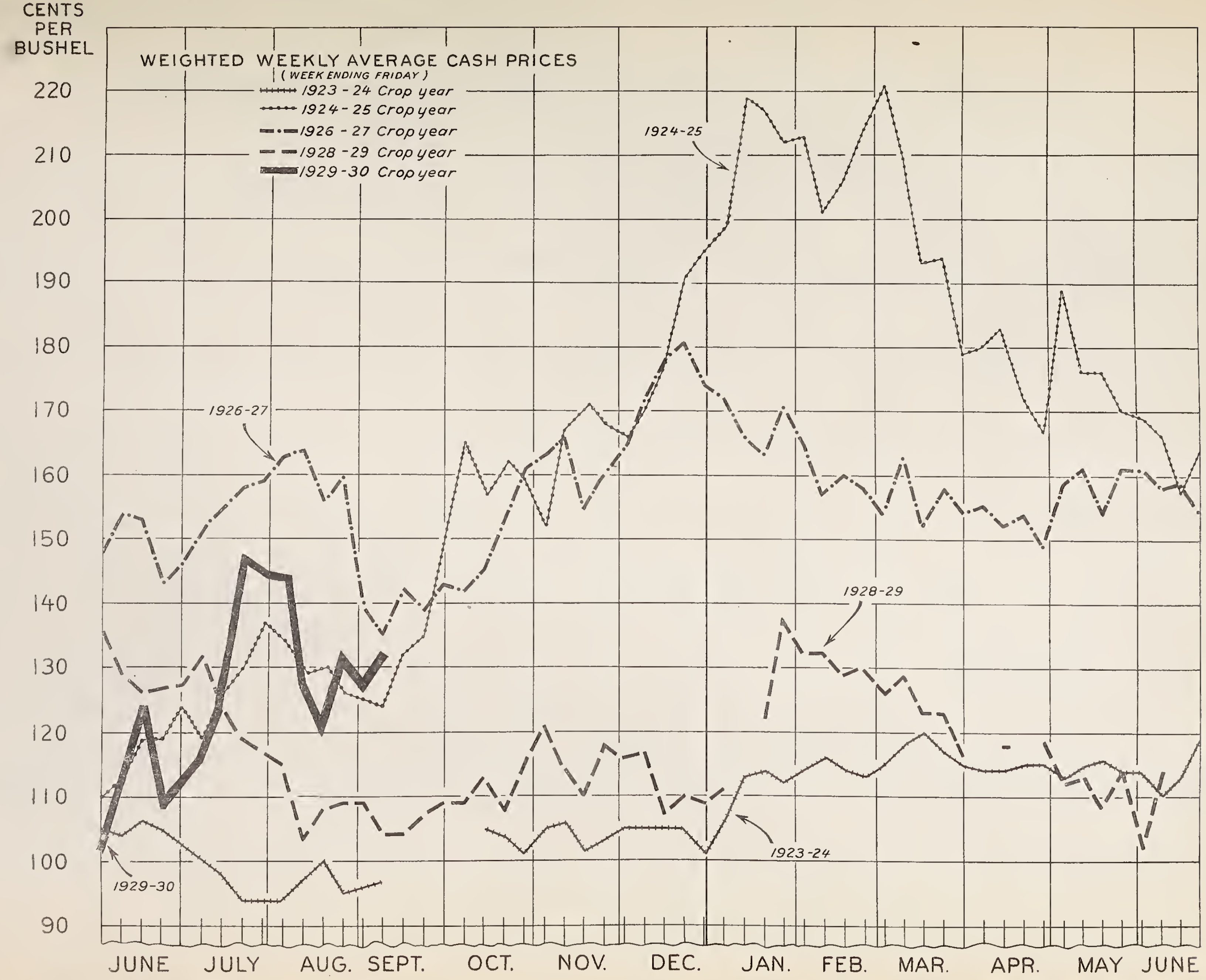
BUREAU OF AGRICULTURAL ECONOMICS

WHEAT: PRICE OF No. 2 AMBER DURUM AT MINNEAPOLIS



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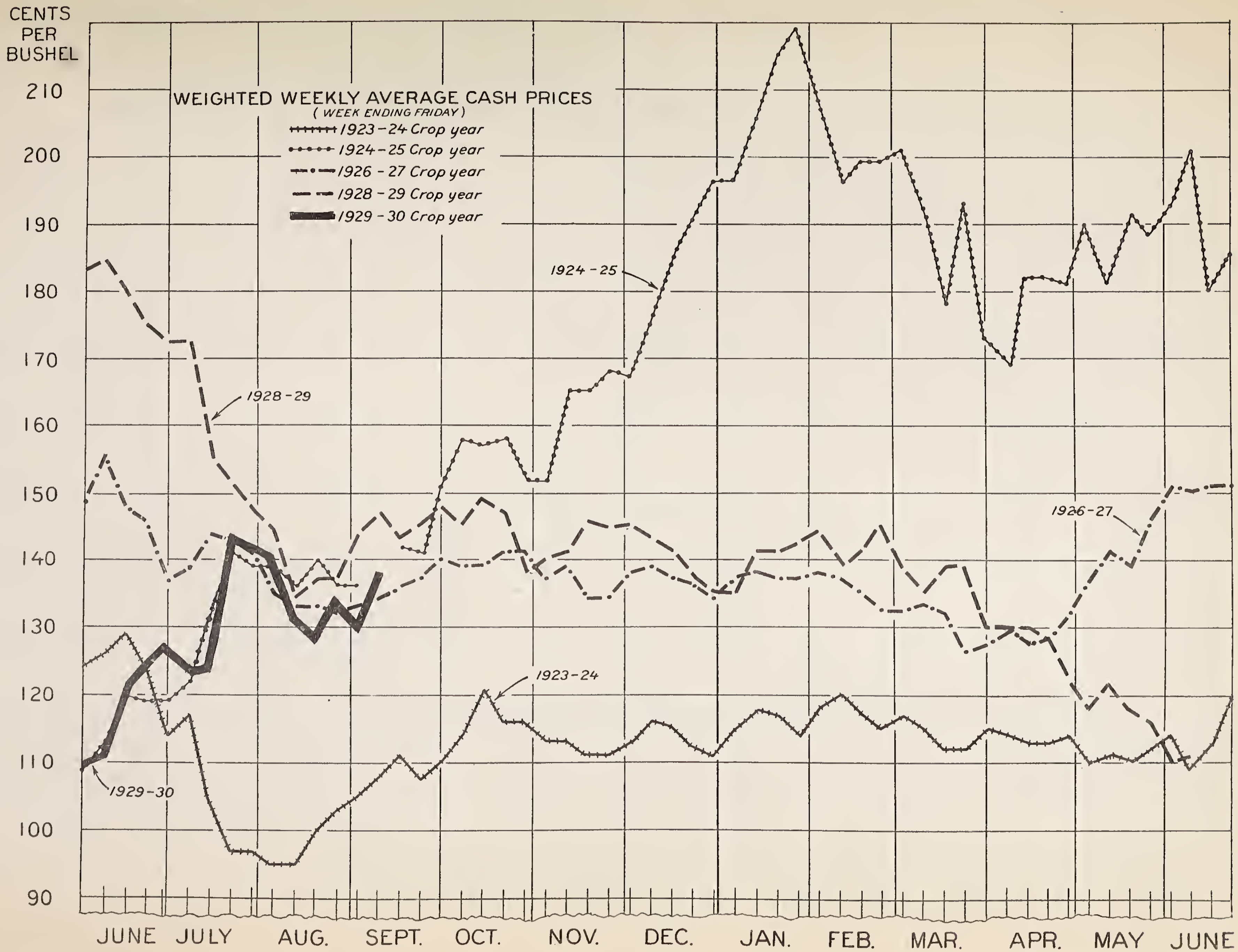
WHEAT: PRICE OF No. 2 RED WINTER AT ST. LOUIS



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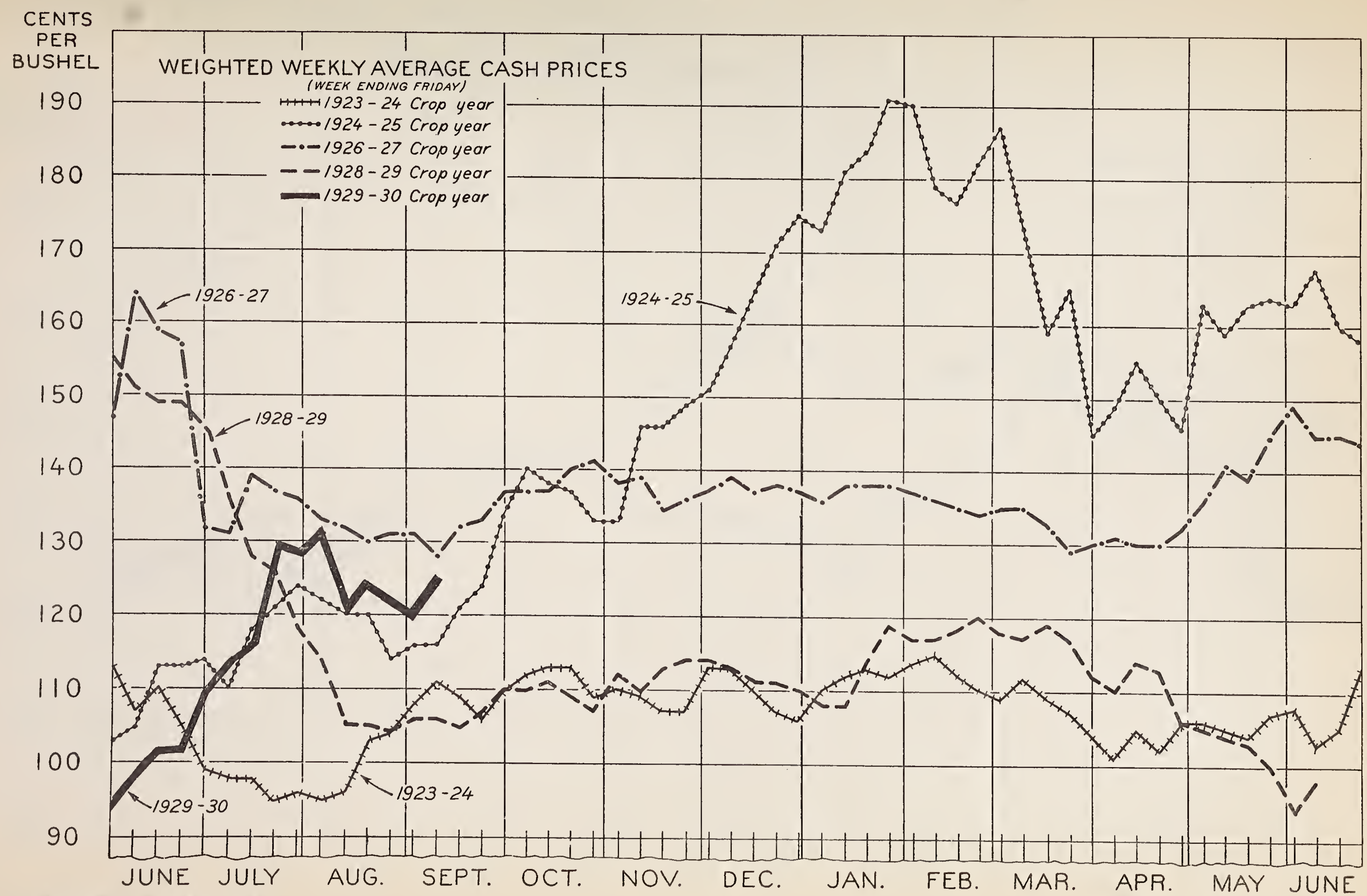
WHEAT: PRICE OF NO. 2 HARD WINTER AT KANSAS CITY



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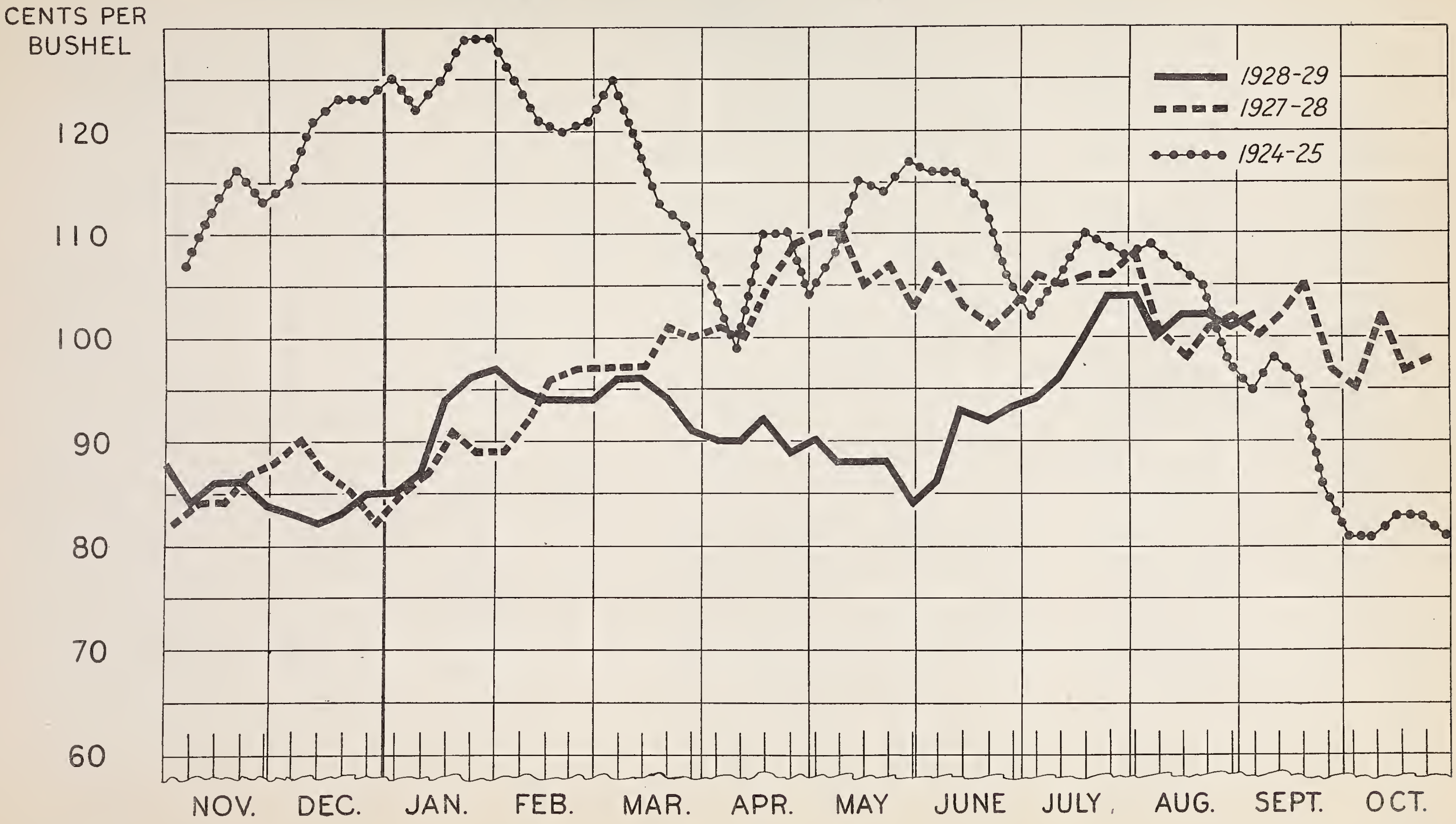
CORN: PRICE OF NO. 3 YELLOW AT CHICAGO
1924-25, 1927-28, and 1928-29



U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release October 15, 1929

THE PRICE SITUATION, OCTOBER, 1929

FARM PRICES

The general average of prices received by farmers which had advanced 8 points between June and August declined 2 points from August 15 to September 15. The decline was due largely to lower prices of livestock. Lower livestock prices in prospect for the next few weeks may continue to keep the general average below the August peak, but it is likely to be higher than at present in the early part of next year.

The general average of prices received by producers was 2 points lower on September 15 than on August 15, as indicated by a decline in the index of farm prices from 143 to 141, compared with 141 a year ago. Further advances in grain prices and dairy and poultry product prices were more than offset by lower livestock prices. The index of meat animals declined from 165 on August 15 to 156 on September 15, compared with 174 a year ago. Since September 15 grain prices have averaged lower and livestock prices have continued their downward trend indicating that at the present time the general average of prices paid to producers is somewhat lower than during September. Prospects for the major farm products discussed in this report suggest that continued weakness in livestock prices may again offset the seasonal advances of other products in the immediate future, but that the general average is likely to be higher than at present in the early months of next year.

THE GENERAL COMMODITY PRICE LEVEL

Commodity prices at the wholesale markets were lower during September than during July or August. This downward trend continued into the first part of October and is likely to keep the general average of commodity prices during the next few weeks below the peak reached in July.

The general level of commodity prices at wholesale markets, according to the Annalist index, averaged 147.6 during September and 148.6 during August, and 152.9 a year ago. By the first week of October the general average declined further to 145.9. This decline amounts to about half the increase between May and August.

Agricultural prices (farm and food products) rose from 140 during the first week in June to 153 by the end of July, an advance of nearly 10 per cent. Nonagricultural prices during the same period advanced from 145 to 148, or only 2 per cent. Since then, there has been a gradual decline in both major commodity groups, agricultural prices by October 1 having declined to 148 or 3.5 per cent, while nonagricultural prices declined to 144 or 2.5 per cent.

The continued downward trend in nonagricultural prices which has been in evidence during the past few years, together with the recent advance in farm product prices, has improved the relative exchange value of farm products for nonagricultural products at wholesale markets. This recent improvement at wholesale markets, and the prospect of a continuation of the downward trend in nonagricultural prices, may be expected to improve the relation between prices received by farmers and prices paid by them. For August and September this relationship is indicated by an index of 92 per cent, which compares with 91 a year ago, and 87 in June of this year.

Prices of textile products showed a temporary improvement for September when after a series of declines they averaged 147.5 compared with 145.5 in August the low point of the year, but by October 1 they averaged somewhat lower at 146.6. Fuel prices remained unchanged during September at a level below that during August and also below that for any month of this year. Building material prices which showed a slight improvement in August averaged lower in September and lower than in any month this year. Prices of metals were also slightly lower in September than in August and by October 1 showed a continuation of the slight downward trend of the past few months.

BUSINESS CONDITIONS

During September business activity was again somewhat below the peak reached in June and a rate of activity not quite so high as in recent months is to be expected, but the buying power of consumers in the next few months should continue above the levels of the corresponding period last year.

The lower rate of business activity in September is indicated by a continued decline in steel mill operations to the end of September, a further curtailment of automobile production and a level of building activity considerably below that of last year. Railroad activity has been maintained above last year's levels, and purchases by consumers as indicated by retail trade reports were about 2 per cent greater in value in September than in September of last year. Factory employment and payrolls which showed more than the usual seasonal increase in August appear to have declined in September, thus being contrary to the usual seasonal tendency. The reported decline in employment occurred particularly in the automobile industry, partly offset by seasonally greater employment in textile and clothing manufacturing and in coal mining, retail and wholesale trade.

The financial situation in September continued to be marked by the general tendencies evident in the preceding two months with the exception of the trend in industrial stock prices. The latter turned sharply downward during the last part of September and continued so into the first week of October, followed by some recovery. Interest rates were slightly higher in September than in August. Federal reserve banks continued to expand their purchases of bills but their rediscounts were reduced by approximately an equivalent amount. Member banks increased their loans on securities by about 3 per cent during the month and their loans for other purposes mostly commercial by 1 per cent, but continued to reduce their investments.

WHEAT

The outlook for wheat prices is for some advance but large stocks may delay the advance for some time. Prospects are still for a world crop about 500 million bushels short of last year's crop, and a total supply 360 million bushels short of last year's supply. It seems probable that the movement of old wheat from Argentina will soon slacken and that exports from the Northern Hemisphere will increase. The slackening in marketings in the United States and Canada, together with an increase in shipments, will relieve congestions at our principal markets and raise cash prices of wheat. The period January through March probably will offer a market for wheat more satisfactory than at present. Large holdings, however, may prevent prices rising to a level as high as they reached in the 1924-25 season.

Cash wheat prices declined in the latter half of September under the pressure of heavy marketings, large stocks in the United States and Canada and heavy shipments of old wheat from Argentina. Farm prices in September, however, averaged higher than in August, being 112 cents as compared with 111 in August. The weighted average cash price for all classes and grades at six markets declined from the middle of September into the first week of October. All classes shared in the decline. The spring wheats, however, declined most and the price of soft red winter wheat less than that of any of the other classes.

Forecasts and estimates of production in 30 countries to date total 376 million bushels less than last year. The outturn of the crops in the Southern Hemisphere is still somewhat uncertain. Weather conditions to date indicate a crop of about 125 million bushels in Australia and 215 million bushels in Argentina, a total of 340 million bushels in these two countries, or 128 million bushels less than last year. Weather conditions in October and November may affect these crops to some extent. The above estimates are based on the assumption of normal conditions for the remainder of the season. The world's crop outside of Russia and China is still estimated to be about 3,400,000,000 bushels, as compared with 3,900,000,000 bushels last year. The increase in carryover offsets a part of the reduction, making the reduction in world supplies about 360 million bushels. Taking into account the movement of prices to date and the probable supplies for the year, it seems likely that world market prices will be raised 35 to 40 cents per bushel over the average of the past season, when the British parcels prices averaged 129 cents per bushel. Prices in the United States to date have averaged about the same as in the 1924-25 season but the average for the entire season may not quite equal the average for that season.

As expected a month ago, prices for cash wheat have been relatively low in comparison with futures. With the heaviest marketing season passing, there is likely to be some improvement in the relation of the cash prices to the more distant futures.

The course of prices in the past month has departed somewhat from the course of prices in the 1924-25 season. Reviewing the season to date, however, it will be observed that the rise from the beginning of June to the first of August was generally greater than in the 1924-25 season. The rise

in the first half of September corresponded to a similar rise in September of 1924, but in that season it continued until in the second week of October after which there was a decline through October. The decline in the latter half of September probably anticipates the decline which in 1924 came in October. This shift is probably due to differences in the distribution of supplies. The larger European crop and large supplies of old wheat in Argentina have prevented the rise, which began in September, from continuing into October. North European markets, however, will have to have wheat, and Argentine shipments can not continue indefinitely at the rate of 5 and 6 million bushels per week.

CORN

Changes in crop prospects during the past month have weakened cash corn prices and the outlook for prices during the coming season is not as good as it was last month. The present forecast of a 2,528 million bushel corn crop together with other supply and demand conditions indicates prices for the early part of the new season above those of the early part of last year provided the present shortage of grain storage space does not continue long enough to seriously handicap the ability of the terminal markets to take care of current receipts.

During September cash corn prices at the principal markets averaged about the same as in August. The United States average of farm prices as of the middle of the month, however, was 97.2 cents against 95.9 cents in August and 95.1 cents in September last year. The average price of No. 3 yellow corn at Chicago was close to 102 cents per bushel for the first three weeks of September, but dropped 4 cents to 98.1 the last week and averaged 100.6 for the entire month. The first week of October prices improved slightly, averaging 98.4 cents for the week ended October 4.

The October forecast of the Crop Reporting Board is for a corn production of 2,528 million bushels which is 72 million more than the forecast of one month before. The present forecast for this year is 308 million below the estimated production of last year and 219 million below the average of the years 1923 to 1927. Production of the nine principal Corn Belt States is now forecast as 1,673 million bushels against 1,948 million last year. The indicated production of the other feed grains for this year has also increased somewhat as compared with indications of a month ago, but production of each of these grains is well below their levels of last year. Total production of corn, oats, barley, and grain sorghums is now indicated to be 100.5 million tons against 115.1 million last year.

Commercial stocks of corn had decreased to 4.3 million bushels on October 5 compared with 5.5 million a year ago and 22.6 million two years ago. Last year stocks on October 27 were reduced to 1.3 million bushels. Receipts at 14 primary markets during September were 13.7 million bushels compared with 18.4 million in August and 19.6 million during September of last year.

As long as the present shortage of grain storage space at terminal markets continues, farmers and country elevators should keep shipments to a minimum, for receipts in excess of current commercial requirements may

depress prices. Though it is very uncertain when the storage situation will clear up, present prospects suggest that the shortage of space may depress prices until some time in December or January and that corn prices are likely to improve after that time. During the next few weeks there are likely to be marked fluctuations in prices on account of the low level of commercial stocks and uncertainty as to the rapidity with which new corn will come to market. Some decline may be expected in farm prices as compared with market prices with the shift to the new crop basis, due to the higher moisture content.

POTATOES

The average farm price of potatoes for the country as a whole has retained practically all of the recent marked summer advance, being only 3 cents lower at $1.36 per bushel on September 15 than on August 15, compared with 65 cents a year ago. In view of the small supply this season it is likely that the general level will not be materially lowered by the heavy marketings usual for October and that higher prices may prevail later in the season.

Potato prices at wholesale were lower during September on the New York market and slightly higher at Chicago. The New York average declined from $3.27 per hundredweight in August to $3.04 in September compared with $1.34 a year ago. At Chicago September prices averaged $2.49 compared with $2.45 in August and $1.16 a year ago. Market supplies during the month as indicated by car-lot shipments were nearly 15 per cent larger than in September of last year in spite of this year's much smaller crop.

Further crop deterioration in recent weeks now points to a total crop in the 35 late States of 313 million bushels compared with 421 million bushels in 1928 and 301 and 326 million bushels respectively in 1925 and 1926. In 1925 a rapid upward adjustment in prices took place in November in response to further crop deterioration after October 1 and prices continued to advance after November. But in 1926, a season in which the crop improved after October 1, only a slight advance occurred in November, with a downward trend thereafter.

Present marketings are proportionately larger than the indicated crop and if no material crop improvement takes place from now on, higher prices are likely to prevail after the heavy marketings of October and November.

TOBACCO

Flue-cured

The flue-cured tobacco price outlook is better than a month ago. Recent reports indicate favorable demand conditions in China about which there was some uncertainty a month ago. Stocks of flue-cured tobacco in the United Kingdom appear to be smaller than a year ago. An increase in domestic demand similar to increases of other recent years is expected. The quality of the crop is better than last year. These favorable factors are partly offset by the increased production indicated by October 1 crop conditions, the indicated production now being 11 million pounds larger than on September 1 and 22 million pounds larger than last year's crop of 741 million pounds.

As the season has advanced cutters and good leaf appear to be selling slightly higher and lugs and poor leaf, slightly lower. In North Carolina and Virginia prices higher than those of recent weeks are expected partly

because the offerings usually are comprised of a large proportion of the better grades during the latter part of October and November and partly because of the improved demand situation. Considering the entire belt, prices for the 1929 season may average slightly higher than those of last season.

Recent reports indicate that the prospects for exports of flue-cured tobacco to China have been greatly improved by the recent high level of activity in the Chinese cigarette factories and the rapid absorption of the large supplies accumulated during the early part of last season. From present indications it does not appear that Chinese stocks are burdensome and with a continuation of present good prospects for cigarette business the exports of American flue-cured tobacco to China during the 1929-30 season compare favorably with those of the past season. Exports to the United Kingdom have increased substantially in recent years and some further increase during the current season appears probable. Total exports during August 1929 were 18 million pounds larger or more than double those of August 1928. Exports during July this year were slightly larger than those of July last year. The increased exports of July and August this year over those of July and August last year have gone largely to China and the United Kingdom.

The prices paid for the 1929 crop to date have not been greatly different from those paid for tobacco of similar quality in 1928. The average price on local markets in 1928 was 17.6 cents per pound compared with 21.3 cents in 1927. The average price on local markets for the five years 1922 to 1926, inclusive, was 23.9 cents per pound. The average price on local markets for U. S. Type 14, grown in Georgia and Florida was 18.4 cents per pound in 1929 compared with 12.8 in 1928 but the quality of the 1928 crop was extremely poor and the 1929 crop was the best since the section became an important producer of flue-cured tobacco. This type comprises approximately 13 per cent of the flue-cured crop. The price of U. S. Type 13, grown in South Carolina and southeastern North Carolina, will probably average approximately 3 cents per pound higher in 1929 than in 1928, but the crop is better than last year. This type comprises approximately 17 per cent of the crop.

The average prices to date for U. S. Type 12, grown in eastern North Carolina is approximately 3 cents lower than for the corresponding period last year but the quality of the crop is below that of last year. This type comprises approximately 32 per cent of the crop. The prices for U. S. Type 11 on the markets that have opened are not greatly different from those on the same markets for the corresponding period of last year. This type is grown in central and north central North Carolina and southern Virginia and comprises approximately 38 per cent of the crop. The crop in this section appears to be better than last year.

Other types

The price outlook for types of tobacco other than flue-cured has not materially changed since the September price report was issued.

CATTLE

During the next two months the price outlook for cattle is for a recovery and some further advances in better grade beef steers, an improved demand for stockers and feeders with present prices maintained and a continuing weak market for lower grades of butcher cattle.

The general trend of cattle prices during September was downward. Most kinds and grades of slaughter cattle declined in price with the better grades of cows and heifers (butcher cattle) showing the largest declines. These declines were moderate and were no greater than the usual seasonal declines during September except on the better grades of beef steers. With these latter the usual seasonal movement of price is upward. Prices of stocker and feeder steers tended to strengthen during most of September, but the greater part of this advance was lost during the last week.

The average price of native beef steers at Chicago for September at $13.90 was about 40 cents below the August average and nearly $1.75 below the average of September 1928. The average cost of stocker and feeder steers in September at Chicago at $10.21 was nearly $2.00 below the cost in September 1928. Prices of other kinds of cattle were from $1.00 to $2.00 lower than a year ago.

The supplies of cattle at seven leading markets were 1 per cent larger than in September 1928. Inspected slaughter was 1 per cent smaller but was 12 per cent below the 5-year September average. The shipments of stocker and feeder cattle from markets in September were considerably below those of September 1928, the shipments from 12 markets into the seven principal feeding States being 27 per cent smaller. Receipts of native beef steers at Chicago in September were 25 per cent larger than in September 1928 and the supply of choice and good steers was over 35 per cent greater. Higher corn prices and uncertainty as to the outcome of the crop this year seems to have caused a heavy movement of fed cattle during September which might otherwise have been held somewhat longer.

Supplies of cattle during the next two months are expected to be at least as large as last year, and may be somewhat larger if the unfavorable feed situation in the northern plains States should cause a heavy movement of grass cattle from that section. In some western States where feed supplies are favorable the lower prices for grass cattle this fall have tended to retard and may reduce the marketings. Condition of winter ranges and supplies of hay and forage over the western range area as a whole, however, are below last year and cattle will be marketed rather closely. Neither financial nor feed conditions favor livestock expansion in this area this year.

With more certainty as to the corn crop the demand for stocker and feeder cattle from the Corn Belt States will probably improve. Prices for such cattle will probably be maintained around present levels. Following the heavy marketings of fed cattle in September the position of such cattle is more favorable and a recovery and a further advance in the prices of the better grades of such cattle is expected. No improvement in prices of lower grades of butcher cattle is probable until after the close of the grass cattle season the last of November or early December.

HOGS

Unusually large market supplies of hogs in August and September caused hog prices to move downward instead of making the usual seasonal rise. Some further decline may be expected during the next two months, particularly in prices of the lighter weight hogs. This decline is expected to be moderate however, and it is unlikely that the average price for all weights will drop to the low of $8.50 reached at Chicago in mid-December last year. Price fluctuations during the next few weeks will be governed largely by the extent to which the feed situation affects the movement of hogs to market.

The downward trend in hog prices which began in late July and continued steadily throughout August and the first half of September was checked temporarily by a slight rally during the third week in September. Following this slight advance however, prices receded still further and the average at Chicago dropped to $9.49 during the first week in October. This represented a decline of about $1.90 from the high point reached in July. Last year average prices advanced from $10.50 in late July to $12.50 in mid-September and then broke sharply to $9.00 by the end of October. During the period from early August to the first week in October prices this year averaged from $1.00 to $2.00 below those of a year earlier. In the second week in October the differential was reduced to about 25 cents.

The price decline of recent months was due primarily to very large market supplies. Federally inspected slaughter in August and September was the second largest on record for each of those months. The combined slaughter for the two months exceeded that of the corresponding period a year ago by almost 1,200,000 head, or more than 25 per cent. In addition to the increased numbers, average weights also were heavier and this was another factor in increasing pork supplies. The weight and general quality of market receipts during this period did not indicate any tendency to liquidate hogs because of probable feed shortage other than that during the first half of September there was a larger than usual proportion of pigs in receipts. More recently receipts have included an increasing proportion of light hogs, thus indicating that the marketing of the 1929 spring pig crop is getting underway.

Stocks of pork in storage on October 1 amounting to 598.9 million pounds were 16.3 per cent larger than those of a year earlier and 12.1 per cent greater than the 5-year average for that date. Lard stocks, amounting to 153.5 million pounds, were 21 per cent greater than a year ago but were 51.5 per cent larger than the 5-year average. Exports of lard in August were 9.2 per cent larger than in August 1928 and 7.2 per cent above the 3-year average for that month. Exports of pork also were larger, being 2 per cent above a year ago and 8.6 per cent greater than the 3-year average.

Wholesale prices of fresh loins were fairly steady during September but broke sharply the first week in October. Prices of other fresh cuts have been moving downward for several weeks and are now below the levels of a year earlier as contrasted to the higher levels for loins.

Prices of hams and bacon began to decline about the middle of September and are now from 3 to 5 per cent below the prices prevailing a year ago. The slight advance in lard prices in late August and early September has been cancelled by recent declines.

The prospective corn crop is an important factor in the present hog situation and may cause producers to market their hogs earlier and at lighter weights than usual during the winter marketing season. Such movement would increase the total supply of hogs in this period but would weaken prices for light hogs more than for heavy weight, and would result in a stronger price situation after December. Total receipts from late October through December are expected to be less than they were last year, however, and this should cause further price declines to be only moderate and result in higher average prices from now until the end of the year than those for the corresponding period last year.

LAMBS

The low point in lamb prices for 1929 was probably reached early in October and some recovery may be expected, which may amount to a material advance by the time the fed lamb movement is well under way.

The lamb market during September continued weak and prices made a further decline. At the low point at the end of the month, prices on killing lambs were at the lowest level for the grass season in seven years. The top on slaughter lambs at Chicago dropped below $13.00 with good quality western lambs below $12.50. Feeder lamb prices also declined but to less degree than fat lambs and at some markets the top on feeder lambs exceeded that on fat lambs from 50 to 75 cents per hundred. Ewe prices also declined to a new low level for recent years, with breeding ewes declining as much or more than fat ewes.

Supplies of sheep and lambs during September continued fairly liberal. While receipts at seven leading markets were over 6 per cent smaller than in September last year, inspected slaughter was 1 per cent larger and 11 per cent above the 5-year September average. Shipments of feeding sheep and lambs into the Corn Belt States in September were about 9 per cent less than in September 1928, but about 10 per cent larger than in September 1927.

The demand for feeding lambs in Colorado and western Nebraska has been light all summer and dealers who contracted a considerable part of the western feeding lamb supply last spring at rather high prices and who did not turn their contracts to feeders at that time have been faced with the necessity of either selling their lambs at a loss or of feeding them themselves. As the supply of alfalfa hay and beet foods will be larger than last year, some of the larger operators will feed on a rather large scale, while others have preferred to sell at a loss. As a result there will probably be more lamb feeding in Colorado this winter than last winter. For the country as a whole indications are that lamb feeding will be at least as large as it was last year.

An improvement in the Corn Belt demand for feeding lambs in October seems probable, accompanied by some advances in prices. This would help the killing lamb market also. While supplies will continue fairly liberal the low point in lamb prices for 1929 has probably been reached.

WOOL

Except for a decline in the price of some fine wools, domestic wool prices have been stable for the past month. Foreign prices have continued to decline, however, making the difference between domestic and foreign prices unusually large. Reports now indicate a world wool clip not much different from the record clip of last year. The wool textile industries are rather quiet in Europe but in the United States activity is high.

Prices of domestic wools at Boston were for the most part unchanged during September except for an increase of about one half cent per pound for greasy 48's, 50's, and 56's wools and a decline of 1 cent on fine greasy wools and 2 to 5 cents on fine scoured wools. Prices of Australian wools in bond at Boston declined considerably during September with 64's to 70's wools from 8 to 11 cents under the price on September 7, and 50's to 60's wools from 4.5 to 6 cents below last month. New Zealand wools grading from 50's to 58's declined from 4 to 6 cents and lower grade wools sold from 1 to 2 cents under last month. The farm price of wool in September at 29.0 cents was two-tenths of one cent lower than in August and 7.5 cents lower than in September 1928.

The London wool sales closed October 4 with prices of greasy wools from 7.5 to 20 per cent below the close of the previous sale on July 23, and with scoured wools from 10 to 25 per cent lower. These changes make the difference between Boston and London prices the greatest since 1920 for medium grades and the greatest since 1923 for fine grades.

The second series of sales held at Adelaide and Sydney opened with prices from 2.5 to 7.5 per cent under those ruling at the first of September. Competition was fairly good with Japan and France the principal purchasers.

Wool production in the seven countries, United States, United Kingdom, France, Germany, Australia, New Zealand and the Union of South Africa is provisionally estimated at 1,987,000,000 pounds compared with 1,985,000,000 in 1928, the record year and 1,877,000,000 in 1927. In 1928 these countries produced about three-fifths of the world's wool exclusive of Russia and China. The sections suffering from drought in Australia and Argentina have had rains in September but these are probably too late to have much affect on the 1929 clip. As compared with last year, smaller clips are now accepted for Australia, the United Kingdom, France and Germany, and larger clips for the United States, New Zealand and the Union of South Africa. No reliable estimate is as yet available for Argentina, but there has been drought in the province of Buenos Aires, and sheep slaughter at freezing plants for the first eight months of 1929 was 21 per cent above that for the corresponding months of 1928. Production conditions have been favorable in Uruguay but slaughter has been very great there also.

Despite a larger clip in the United States, receipts of domestic wool at Boston were low in the early part of the season. Accordingly receipts during the past three months have been considerably larger than last year. Receipts during September amounted to over 16 million pounds or 9 million more than during September last year. However, the total receipts for the first

nine months of 1929 amounted to 180 million pounds or 9 million less than for the first nine months of 1928.

Imports of combing and clothing wools during August were about 600,000 pounds less than last year but for the eight months ended August 31, imports amounted to 84 million pounds or nearly 10 million more than during the same period last year.

Consumption of combing and clothing wools in mills reporting to the Bureau of the Census was high during August, amounting to over 33 million pounds compared with 30 million pounds in July and 26 million pounds in August 1928. The total consumption of combing and clothing wool for the first eight months of 1929 amounted to 239 million pounds compared with 211 during the same period last year. Of this increase, 9 million pounds were domestic wools and 19 million pounds were foreign wools.

Conditions in the British, Belgian and Italian wool textile industries were quiet during September. Confidence had not been established in the Bradford market up to October 11 and lower prices had failed to stimulate buying of tops and yarns according to cablegrams from Consul Thompson. Piece goods manufacturers were fairly busy but employment was lower and the wages reduction issue was not settled. There was optimism in the heavy woolen and carpet trades, however. The market for wool tops and noils in France was quiet but the industry was well occupied. The German worsted and knitting yarn spinners reported continued improvement in activity but conditions in the woolen industry were still unsatisfactory according to the Agricultural Commissioner at Berlin.

COTTON

With only moderate demand during September cotton prices declined slightly. Domestic cotton consumption has been above the levels of last year, but exports for the season to October 4, were 8 per cent below those of last year, according to the Commercial and Financial Chronicle. The important changes in the world cotton textile industry for the past month have been some improvement in sales on the continent of Europe and a material increase in sales and activity in the United States.

Cotton prices declined steadily during the first three weeks of September, the average of prices at the ten important spot markets reaching the low point on September 23 of 17.71 cents. During the last week of September prices advanced somewhat, but by October 11 had declined again to 17.68 cents. During September prices averaged 18.02 cents compared with 18.04 cents for August and 17.72 cents for September last year. The farm price of cotton on September 15 was 18.2 cents compared with 18.0 cents on August 15 and 17.6 on September 15, 1928.

The forecast of the cotton crop of 14,915,000 bales on October 1 was 90,000 bales above the September forecast and 437,000 bales greater than the crop of 14,478,000 bales for 1928. Decreases in the estimate of the crop in the Carolinas, Texas and Oklahoma were more than offset by increases in the

central portion of the belt. With a world carryover of American cotton at the beginning of the season of apparently about 4.5 million bales compared with a carryover of 5.1 million bales at the beginning of the 1928 season, the present prospects are for a total supply of cotton for the 1929-30 season of about 100,000 bales less than in the 1928-29 season.

According to the Commercial and Financial Chronicle exports of cotton from August 1 to October 4 were 6.3 per cent below the same period last year being 1,094,440 bales this year compared with 1,190,514 bales for the same period last year. Exports to Great Britain, France and Italy were above, and exports to Germany, Russia, Japan and China, and other countries were below those of a year ago.

Domestic consumption of cotton during September was 546,000 bales compared with 558,000 bales in August and 492,000 bales in September 1928.

Trade in textiles in Great Britain appears on the whole to be only moderate with no pronounced change in recent months. The advancing interest rates and generally stringent money conditions, however, have adversely affected both domestic and export trade to some extent. On the Continent the cotton textile industry showed a slight improvement, seasonal and otherwise, during August and the first part of September. Mill activity was largely unchanged, but business increased though still at unsatisfactory prices. Improvement in sales of cotton yarn were only seasonal in parts of Central Europe while in France and Italy increases were more than seasonal. Trade and activity in the oriental cotton textile industry continued on a high level. Activity in the textile industry of the United States increased materially during September, the weekly average being 16 per cent greater than in August and 11 per cent above September 1928, according to the report of the Cotton Textile Institute. Sales were 138 per cent of production and stocks decreased 5.2 per cent during the month. Unfilled orders, increased nearly 24 per cent during the month, were the largest for any month since last March, and were 10 per cent greater than a year ago.

BUTTER

The usual seasonal advance in the price of butter which began last August may be expected to continue with prices not so far below those of a year ago, as they were earlier in the season.

The price of 92 score butter at New York advanced from 44 cents on September 1 to 47.5 cents on September 24, declined to 47 cents on September 25 and this price was maintained to the end of the month. By October 2 the price had declined to 46 cents, which was the price maintained during the early part of October. Prices in September averaged only 2.55 cents below those for last September, whereas the August average was 3.45 cents below that of August 1928. The average for September was 46.22 cents compared with 48.75 cents in September 1928 and 45.2 cents for the 5-year average.

Farm prices of butterfat on September 15 were lower in practically all States than on September 15, 1928. Farm prices in the principal producing sections averaged slightly lower than for the rest of the country. For the

country as a whole prices averaged 2 cents below a year ago, while in Iowa, Wisconsin and Minnesota prices averaged 3 cents lower. However, prices were generally about a cent above those reported on August 15, 1929.

Receipts at the four principal markets were 50,378,000 pounds in September compared with 50,542,000 pounds a year ago. Cold storage holdings on October 1 were 158,504,000 pounds compared with 128,071,000 pounds on October 1, 1928 and 133,695,000 pounds for the 5-year average. Cold storage holdings on October 1 were 118.6 per cent of the 5-year average while on September 1 they were 116.8 per cent of the 5-year average. The decrease in storage holdings during September was 10,448,000 pounds or 6.2 per cent of the September 1 holdings, compared with an average decrease of 7.05 per cent for the past 5 years.

Production conditions continue less favorable than a year ago. Pasture conditions in the ten principal butter producing States improved slightly, the average condition on October 1 being 71.1 compared with 68.3 on September 1 and 77.0 on October 1 a year ago, but the condition is still lower than in any previous October during the 14 years for which comparable records are available. There has been no material change in the butter-feed ratio since last month. This indicates a smaller production this winter than last. The extremely heavy storage holdings will, however, prevent any rapid rise in prices. Prices will probably follow the usual seasonal rise and cannot be expected to equal those of a year ago before late winter and by that time the volume of winter production and the foreign situation may become important factors.

POULTRY

Poultry prices this fall are on a lower level than last year, reflecting the increased quantities available for marketing as well as the increased amounts which have already moved to market. The seasonal decline will probably end by January or February as usual, after the peak of receipts have been reached but prices generally are expected to continue somewhat lower than a year ago.

Fresh killed roasters at New York dropped 5 cents during September, the average top price of all weights being 40.2 cents. Fresh killed fowls showed a decline of about half a cent, averaging 31.7 cents. The farm price of chickens on September 15 was 22.4 cents as compared with 22.7 a month before.

Receipts of dressed poultry at the four markets totaled 27.9 million pounds for September, 4.3 million pounds more than a year ago and 5.8 million pounds more than the 5-year average. All indications point to receipts continuing heavier than last year. Cold storage holdings are increasing more rapidly, being 62.0 million pounds on October 1, or an increase of 13.0 million pounds for the month as compared with 43.6 million October 1 last year and an increase of 2.8 million for September 1928.

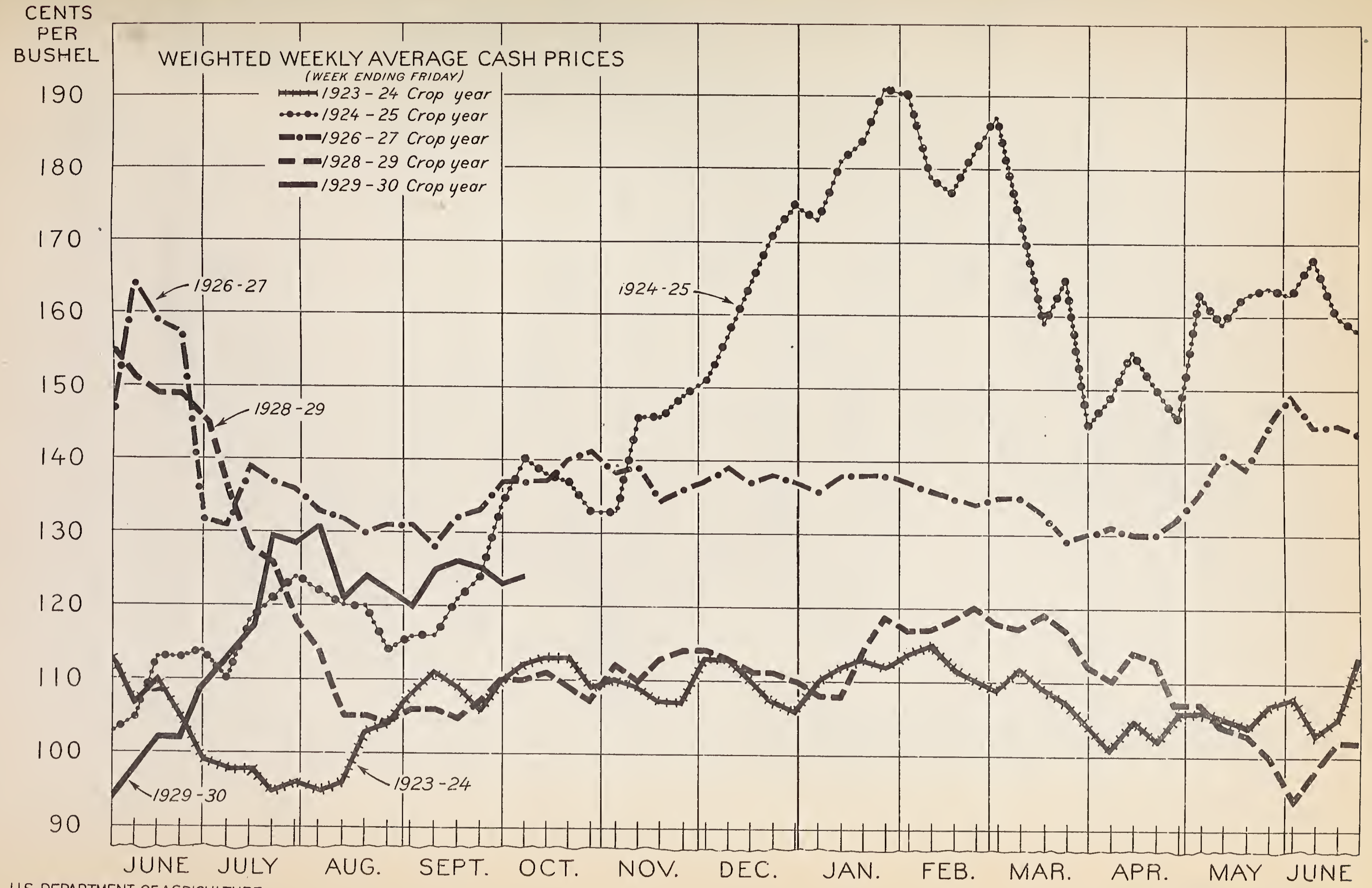
EGGS

Egg prices should continue their usual seasonal rise, reaching a peak in November, on a plane probably 3 to 6 cents higher than last year, or about the same as in 1927.

The prices of the better grades of fresh eggs at New York showed little change during the first ten days of the month and then resumed their normal seasonal rise. Fresh firsts rose 2.5 cents ending the month at 39 cents; fresh extras rose 6.5 cents, ending at 48 cents, while Pacific Coast extras and nearby hennery closely selected extras showed increases of 9 to 10 cents, reaching 61.5 and 63.5 cents respectively. Fresh firsts averaged 36.5 cents for the month, while extras were 43.3 and Pacific Coast extras were 55.8 cents, each grade being about 4 cents above September 1928. The nearby extras averaged 57.8 or 2 cents more than last year.

Receipts at the four markets during September were 895 thousand cases, 10 thousand more than last year and 32 thousand more than the 5-year average. This brings the total receipts since January 1 to 13.2 million cases as compared with 13.6 million for the same period in 1928 and 13.3 for the 5-year average. Cold storage holdings of shell eggs on October 1 were 7,191 thousand cases, about 1,351 thousand less than last year and 923 thousand less than the October 1 5-year average.

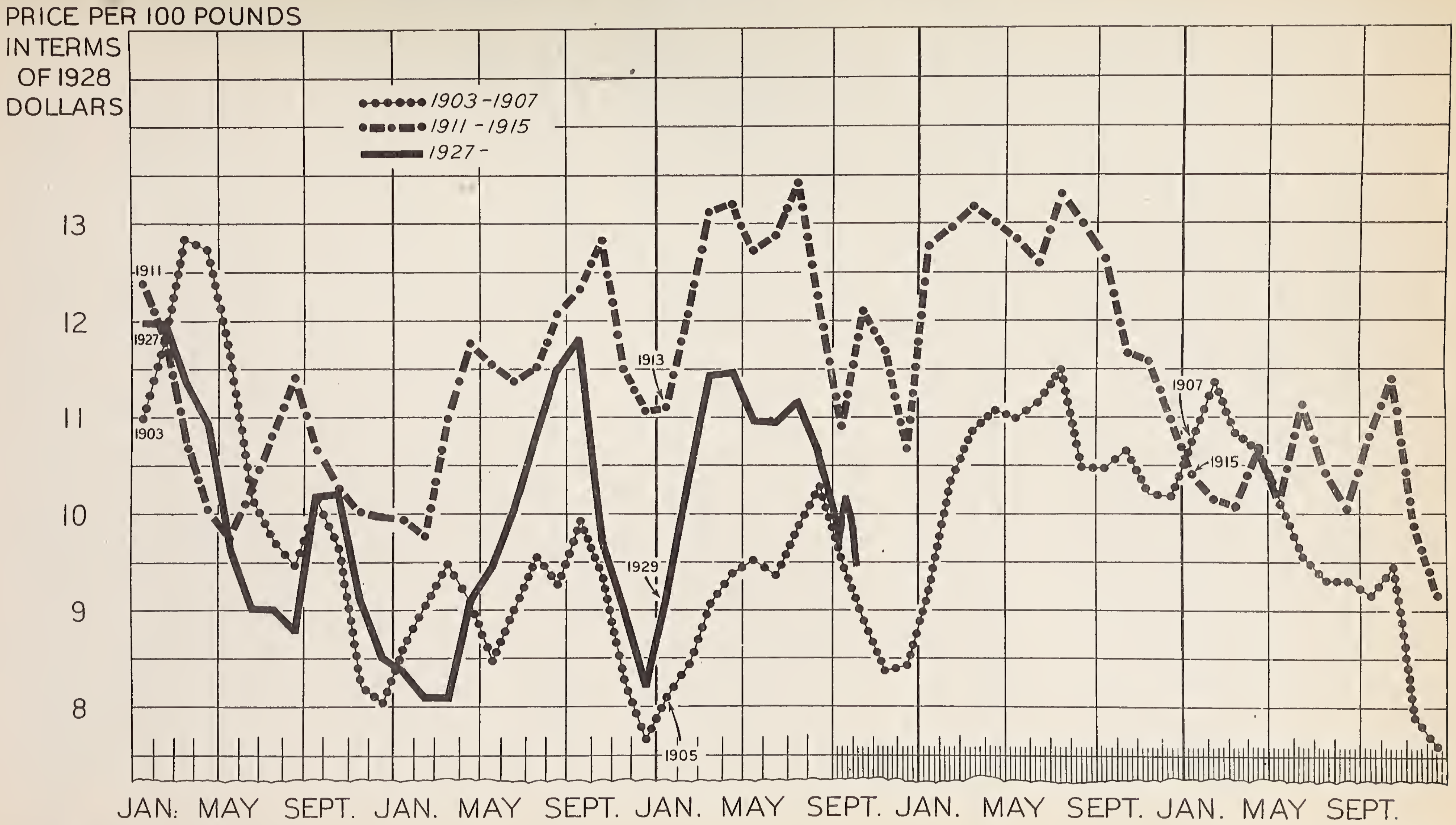
WHEAT: PRICE OF NO. 2 HARD WINTER AT KANSAS CITY



U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

PRICE OF HEAVY HOGS AT CHICAGO ADJUSTED FOR CHANGES IN COMMODITY PRICE LEVEL



U.S. DEPARTMENT OF AGRICULTURE

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release November 15, 1929

THE PRICE SITUATION, NOVEMBER, 1929

FARM PRICES

Farm prices averaged 140 per cent of the pre-war level on October 15, having declined 1 point since September 15 and 3 points since August 15, but remaining 3 points above the level of a year ago. There has been a further decline since October 15 which affected most of the important farm products. This further decline appears to at least equal the 3 point decline from October 15 to November 15 last year.

This general decline in farm prices has accompanied the unsettlement in speculative markets during the past three weeks and the level is likely to remain below that of October for the next few weeks.

THE GENERAL COMMODITY PRICE LEVEL

The drastic decline in stock prices during the past month and a further slowing down from the high rate of business activity reached this summer has been accompanied by a further recession in the general level of commodity prices. Should business conditions continue to decline, it would tend to prevent a recovery of the general commodity price level from its recent decline and may even cause it to fall somewhat lower.

Both agricultural and nonagricultural prices declined during October and the first part of November, thus continuing the downward trend in each of these major groups of prices which set in in the middle of July. In the three months since then agricultural prices have declined from a level of 153 to 144.5, a drop of 8 points, but are still 4 points above the low level of last May according to the Annalist index. Nonagricultural prices during the same period have declined from 148 to 143, or 5 points to a level 2 points below that of last May. Thus, agricultural prices at wholesale have not only declined but have lost part of the summer gains in their exchange value for nonagricultural commodities.

Among the small groups of commodity prices which have influenced the general level, the farm and food product groups have each declined 3.3 points since October 15. A recovery of these prices, which ordinarily might be expected toward the end of the year, would be interfered with by any further recession in business and reduction in the buying power of consumers.

Textile product prices have also continued their downward tendency since September but have declined only slightly since October 15. Fuel

prices, the only group that has recently advanced, has remained unchanged during the past month, 3.4 points higher than in September. Metal prices have continued to reflect the recession in the basic industries and have declined to 126.1 on November 4 compared with the peak of 131.1 last March. This tendency is likely to continue with any further curtailment in the output of basic industries.

BUSINESS CONDITIONS

Further slowing down in the rate of industrial activity and continued declines in commodity prices were the outstanding features during most of October, then came the tremendous decline in industrial stock prices. Although interest rates were immediately reduced these recent events are likely to influence business sentiment. A continuation of the recent decline in business activity from the peak reached during the summer would adversely affect the domestic demand for some important farm products.

Although in the aggregate industrial activity in October was relatively high, the chief lines of activity showed further curtailment. Steel mill operations, after a slight recovery in the first week of October resumed the practically continuous decline since last April. Pig iron output failed to show the usual seasonal increase. Automobile production is reported to have been further curtailed and building activity as indicated by contracts awarded, was also lower than in August and September and considerably below last year's high level.

Industrial stock prices began to decline after the middle of the month and fell most sharply on October 24, October 28 and 29, and after a sharp recovery declined again during the first part of November. During this period, the Federal Reserve Bank of New York reduced its rediscount rate from 6 to 5 per cent and other interest rates are now considerably lower than they have been in recent months, although still higher than the low rates which prevailed two years ago. The reserve banks also increased their loans on securities considerably during the week of rapidly falling stock prices and further aided credit conditions by increasing their purchases of Government securities.

In previous years when stock prices reached their peaks and interest rates were high, the subsequent tendency in business was either moderately downward as in 1926 and 1927 or sharply downward as in 1923 and 1924. At the present juncture the unusual elements are the magnitude of the decline in stock prices and the possible effects of losses on future trade and the extent to which the immediate lowering of interest rates may counteract these effects.

A continuation of the recent decline in business activity from the summer peak would reduce the purchasing power of consumers to a level probably no higher than that of last winter. Factory wage earnings of the past three months have been below those of last spring.

While these changes will reduce the demand for farm products, they will also lower some agricultural production costs. A falling off in industrial employment would make available a larger supply of farm labor next spring. The withdrawal of credit from speculative uses would also help farmers to the extent that it reduced credit rates for farm use. A continuation of the downward trend in nonagricultural prices at wholesale may also eventually lower the retail prices paid by farmers for manufactured goods.

WHEAT

The outlook for wheat prices is for some advance within the next two months. The world crop is about 530 million bushels short of last year and less than an average of the past five years. The total supply of wheat available for the season is about 360 million bushels short of last year. Relief from the present depression appears to be in sight, following a slackening of shipments from Argentina and the Danube countries, and a slackening of marketings in Europe, the United States, and Canada. Exports from the United States probably will increase with the closing of the Lakes and the decline in exports from Argentina. Large visible supplies, however, may continue for some time to hold in check any marked advance until these supplies are materially reduced.

The farm price of wheat as of the middle of October averaged 111.5 cents per bushel compared with 112.1 in September and 98.7 in October a year ago. Cash wheat prices declined in the latter half of October and into November. The average of all classes and grades at six markets declined from 128 cents per bushel for the week ended October 11, to 119 the week ended October 25. The rise in the last week of October was followed by a decline in November. This depression in prices has been due in part to large visible supplies and congested markets, but also in part to a decline in the prices of stocks which temporarily affected prices in nearly all speculative markets.

The world's crop outside of Russia now seems likely to be about 530 million bushels less than last year. Forecasts and estimates of production in 33 countries amount to 3,024 million bushels, a reduction of 400 million bushels. The Argentine crop seems likely to be 100 to 125 million bushels less than last year, and slight reductions elsewhere may make the total reduction about 530 million bushels. The carryover has been increased about 170 million bushels, which added to the production indicates a world supply about 360 million bushels less than last year. This reduction in world supply would ordinarily increase the average price in world markets about 35 cents per bushel over the average of the past season when British parcels prices averaged 129 cents per bushel, but the advance in the average now seems likely to be only about 25 cents per bushel.

It now seems necessary to reduce our previous estimates of the probable average of prices for the season in markets of the United States. The world supplies for the present season and the past season are now indicated to be larger than they were estimated to be at the beginning of the season. The depression of prices in September and October by the heavy early marketings of grain in Europe and large stocks in the United States, together with a decline in the price level and some depression in speculative markets, indicates that the average for the season is not likely to reach the level indicated earlier in the year. The approximate average price for the season to date, the average for the week ended November 8, 1929 and the estimated average prices for the season by classes at principal markets, are as follows:

Class of wheat and market	Price per bushel: Average of weeks July 5-Nov 1	Average, week ended Nov 8, 1929	Probable average prices for the season
	Cents	Cents	Cents
No. 2 hard winter, Kansas City	123	118	125 to 135
No. 2 red winter, St. Louis	133	130	135 to 145
No. 1 dark northern spring, Minneapolis	139	130	140 to 150
No. 2 amber durum, Minneapolis	129	118	130 to 140
No. 1 western white, Seattle	125	121	125 to 135

Evidences of relief from congested markets and the present depression in prices are beginning to appear. Our Agricultural Commissioner at Berlin reports that a firmer tone in the market is becoming evident, as pressure due to the heavy movement from surplus areas and large farm marketings is lessened. German farm stocks are reported to be smaller than last year. The European takings of foreign wheat are beginning to increase to some extent. Shipments from the Danube Basin are declining and prices rising. Argentine shipments are declining. The visible supply in the United States, as reported by the Department of Agriculture, has apparently reached its peak and is beginning to decline. Trade reports indicate larger sales for export. The closing of the Lakes in December will check the movement of the Canadian crop, and this will offer an opportunity for the exporting of more grain from the United States. Heavy domestic marketings in Europe early in the season will stimulate consumption and make way for heavier imports in the latter part of the season. It seems likely, therefore, that prices for the remainder of the season will average higher than they have averaged for the first four months of the season. Prospects for new crops will, of course, have some influence upon this average and will materially affect the course of prices in the latter part of the season.

CORN

During October, weather conditions were favorable for maturing the corn crop and the November 1 forecast of production was higher than that of a month ago. Due to the larger crop now indicated the outlook for prices during the coming season is not as good as it was a month ago. During the next two months prices are likely to be considerably influenced by the storage situation; and are likely to improve when the storage situation eases.

The United States average farm price as of October 15 was 91.9 cents per bushel, compared with 97.2 cents a month before. Prices of cash corn at terminal markets also were lower in October, No. 3 yellow at Chicago averaging 95 cents per bushel against 101 cents for the previous month. During October there was a decline in prices; and No. 3 yellow at Chicago averaged 90 cents per bushel for the first week of November against 98 cents for the first week of October, and 84 cents for the first week of November last year.

The November 1 forecast of production by the Crop Reporting Board is 2,621 million bushels. This is an increase of 93 million bushels over the October 1 forecast, which in turn, was an increase of 72 million bushels over the September 1 forecast. These increases have been due to weather conditions favorable to maturing the crop. The crop is now estimated to be 215 million bushels smaller than that harvested last year, while farm stocks of old corn are estimated to be 23 million bushels larger than a year ago. Total supplies of corn including the new crop, stocks of old corn on farms and Bradstreet's visible supply amount to 2,702 million bushels for this year against 2,892 million for 1928. Production of corn in the nine principal Corn Belt States is now estimated at 1,727 million bushels compared with 1,948 million in 1928 and 1,782 million in 1927. The farm supply of corn in these States, including stocks of old corn and the new crop is estimated at 1,787 million bushels against 1,984 million in 1928 and 1,862 million bushels in 1927.

Production of other feed grains is also below last year, the oats, barley and grain sorghums crops all being smaller than those of 1928. The combined production of corn, oats, barley and grain sorghums for this year is now estimated to be 103.5 million tons compared with 115.1 million last year. Production of hay, however, is considerably above the levels of last year, but smaller stocks make the total supply about the same.

The feeding demand and the export demand for corn are both expected to be somewhat less during the coming season than during the season just closed. Feeder cattle movement into the seven principal feeding States from 12 markets during the months of July to October has been 12 per cent less than during the corresponding months of last year, and it is expected that there will be somewhat fewer hogs fed this year and that they will be fed to lighter weights. While Canada has a short crop of feed grains, and exports to that country may be unusually large, total export demand is likely to be somewhat less than it was last year because of the much larger corn crop of Europe. Corn production of the seven European countries thus far reporting is placed at a little more than twice that of 1928.

The grain storage situation is such that heavy market receipts early in the season may result in congestion at some points and depress prices below what otherwise might be expected. Shipments to market should be regulated in line with available storage capacity in order to avoid over-taxing storage facilities. It is likely that prices will improve in January and many farmers can afford to delay marketing until such improvement takes place.

RICE

The price of fancy Blue Rose rice has been below four cents at New Orleans for the greater part of the time since the beginning of the crop year. Although the November 1 forecast of a 39 million bushel crop for this year may justify a price for the year above the present levels, rice prices during the early part of the crop year are usually not greatly affected by forecasts of the current season's crop. Prices have been declining for the three successive years and it is to be expected that prices prior to December (at which time about 50 per cent of the crop will have been marketed) will continue at about the 1928-29 level, which was a little under four cents per pound. Thereafter, prices probably will begin to rise and continue upward for the remainder of the season.

Receipts prior to November 1 this year represent a larger percentage of the year's crop than was marketed during the corresponding period last year. This fact is likely to cause the trade to overestimate the current year's supply for a time; and consequently prevent prices from rising so rapidly as they otherwise would. If, however, this effect on the rate of increase materializes a compensating increase in prices may be expected during the last four months of the crop year.

The price situation for this year is comparable to that of the 1923-24 crop year. The rise in prices during that year began in January and continued uninterrupted for the rest of the season.

POTATOES

The farm price of potatoes for the country as a whole averaged $1.38 per bushel on October 15 or 3 cents higher than on September 15 and 80 cents above the October 1928 price. On the New York wholesale market October prices at $3.15 per 100 pounds averaged slightly higher than in September and on the Chicago market prices at $2.60 remained at the September level. During the month of October the trend of prices was slightly downward and continued downward into the first part of November. On November 7 prices at New York averaged around $3.00 per 100 pounds compared with $1.30 a year ago, and at Chicago they averaged around $2.50 per 100 pounds compared with $1.25 last year.

The recent downward trend may be associated with the seasonally high rate of marketings and the improvement in crop conditions resulting in a larger crop in prospect than appeared in evidence on September 1. Marketings increased from 24,000 cars in September to 31,000 cars in October which may be compared with 30,000 last year when the supply was much larger and the price unusually low.

Based on November 1 conditions, with digging well underway, the crop in the 35 late producing States now appears to be 323 million bushels or about nine million bushels greater than appeared in prospect on September 1. A crop of this size is practically equal to the small crop of 1926.

Prices at the present time are not materially different from those that prevailed in the 1926 season. In November of 1926 the United States farm price of potatoes averaged $1.41 per bushel which may be compared with $1.38 (on October 15) this year.

At New York the present level of around $3.00 is practically the same as the November average in 1926 and at Chicago the present average of $2.60 compares with $2.65 in November of that year. After November of 1926 prices declined moderately until March, the decline amounting to about 20 cents per 100 pounds at New York and about 50 cents at Chicago, but a shortage of supplies from the late States which developed toward the end of that season advanced prices in May considerably above those of the first part of the season.

In September and October carlot shipments were about 57,000 cars. Last year in these two months, with a larger supply available but prices much lower, 51,000 cars were shipped. This season's marketings are somewhat under those of 1926, a year of comparable total supply, for the country as a whole, but they have been unusually heavy from Maine and unusually light from Michigan. The extent to which these car-lot shipments reflect the movement of potatoes into consuming channels is not known, in view of the considerable volume that is transported by truck.

Although the general level of potato prices at present is not far below the average for the marketing season, September-March of 1926, some further price shifts are likely to take place. The unusually small crops in New York, Michigan and Minnesota are likely to result in advances in prices to producers by January, which advances may amount to 15 to 30 cents per bushel above present levels in New York and Michigan and 40 to 50 cents in Minnesota. The large crop in Maine may tend to keep January prices at or somewhat below present prices.

TOBACCO

The prices of flue-cured, Maryland export, Virginia fire-cured, Virginia sun-cured tobacco and those crops of the cigar binder types running largely to the binder grades grown in New England, New York, northern Pennsylvania and Wisconsin are expected to average higher than last year. The supply of flue-cured tobacco is larger than a year ago but the demand is growing and the quality of the crop is slightly better than that of last year. The average price of flue-cured tobacco in 1928 was the lowest in recent years. The supply of Maryland export is smaller and the quality better than last year. The supply of Virginia fire-cured is the smallest in recent years and the quality of the crop is better than a year ago. The supply of Virginia sun-cured is not greatly different from that of last year and the quality unusually good. The supplies of cigar binder tobacco appear to be well below those of last year.

The prices of Green River, Henderson stemming and the cigar filler types grown in southeastern Pennsylvania and the Miami Valley will probably not be greatly different from those of last year. The indicated production of Green River and Henderson stemming is larger than last year but stocks have been reduced and the total supplies are smaller than a year ago. The disappearance of these types has declined in recent years but the quality of the crop appears to be better in each case than last year. The indicated supplies of the cigar filler types and the quality are not greatly different from those of last year.

The prices of Burley, Kentucky and Tennessee fire-cured One-sucker and the crops of the cigar binder types with a large proportion of the stemming grades are expected to average lower than last year. The indicated supply of Burley is slightly larger and the quality of the crop lower than last year when the supply was unusually small and the quality unusually good. (The supply of Kentucky and Tennessee fire-cured is 10 per cent larger than last year but the quality of the crop is better). The indicated supply of One-sucker and the quality of the crop are not greatly different from last year but the disappearance of this type has declined in recent years. The supply of stemming tobacco appears larger than a year ago and this will probably result in an average slightly lower than that of last year for Wisconsin types.

The following shows the average season's prices on local markets by types for the 1927 and 1928 seasons and the probable changes in 1929 compared with 1928:

Type	Average season's price per pound 1927	Average season's price per pound 1928	Probable change this season compared with last
	Cents	Cents	
Flue-cured	21.3	17.6	Slightly higher
Burley	26.0	30.3	Lower
Maryland export	22.8	22.0	Slightly higher
One-sucker	10.6	12.2	Slightly lower
Green River	9.1	11.6	Little change
Virginia sun-cured	13.1	10.1	Higher
Kentucky and Tennessee fire-cured	17.1	15.2	Slightly lower
Virginia fire-cured	9.9	10.6	Higher
Henderson stemming	9.7	12.0	Little change
Cigar binder			
New England broadleaf	21.0	21.0	Slightly higher
New England Havana seed	23.4	24.0	Slightly higher
Wisconsin	16.0	14.5	Slightly lower
Cigar filler			
Pennsylvania	13.0	14.0	Little change
Miami Valley	15.6	17.5	Little change

The last column in the above will be revised on December 15 in the light of developments up to that date.

HOGS

Hog marketings in October were slightly larger than in October 1928 and were the second largest on record for the month, but prices declined more gradually and during the latter part of the month were slightly above those of a year earlier. Unless there is a tendency to liquidate unfinished hogs, supplies during the next two months are expected to be less than a year earlier, and prices will probably not decline much further this winter. With reduced numbers of hogs to come to market this winter as compared with last, a moderate seasonal advance in hog prices may be expected through the late winter and spring.

The downward trend in hog prices continued through October and early November, the weekly average at Chicago dropping from $9.49 the first week in October to $9.06 the first week in November. During the corresponding period last year prices declined from $10.54 to $8.95. Since about the 20th of October the averages have ranged slightly higher than a

year earlier. The decline in hog prices this fall has been orderly and about in line with the usual seasonal trend. Packers and shippers have been active buyers on all breaks.

Near the end of October prices of fresh pork broke sharply and in the second week in November were 6 to 13 per cent below those of the corresponding period of 1928. Prices of cured products and lard also made slight recessions. Prices of cured ham and bacon during the first week in November however, were slightly higher than a year earlier while prices of lard, picnics and dry salt cuts were lower.

Federally inspected slaughter of hogs in October was 3.9 per cent greater than in October 1928 and the second largest on record for the month. The increase in numbers was offset to some extent by slightly lower average weights as indicated by the weights of hogs received at most of the larger markets. Compared with a year ago weights dropped off sharply in the past week. This has tended to stimulate the demand for heavy butcher hogs and these are now selling above lightweights of comparable grade.

Stocks of pork in storage on November 1 amounting to 490 million pounds, were 13 per cent larger than those of a year earlier, and 16 per cent greater than the 5-year average for that date. Lard stocks amounting to 99 million pounds, were about 19 per cent greater than a year ago, and 4.3 per cent larger than the 5-year average. Exports of lard in September exceeded those of September 1928 by 25.4 per cent and were 4.3 per cent above the 3-year average for that date. Exports of pork also showed an increase, being 38.4 per cent above a year earlier but 3.5 per cent less than the 3-year average.

All the available evidence as to the character of hog marketings this fall indicates that slaughter supplies in September and October included a larger proportion of new crop hogs than they did in those months last year. If hog feeders maintain orderly marketings of present feedlot supplies, market receipts during the next two months will probably be less than in the same period last year, while hog prices are not likely to show much decline from present levels.

CATTLE

The trend of cattle prices during the next few months will be influenced materially by the credit situation, the course of commodity prices and the attitude of cattle feeders with regard to feeding prospects. Cattle supplies during November and December will probably exceed last year and demand for beef may be no better if as good.

The cattle market was steady to strong during the first three weeks of October but weakened during the last week. This weakness continued into the first part of November, with the sharpest break of the season coming during the week ended November 9. The weekly average price of good and choice steers at Chicago advanced to about the highest level of the year in the week ended October 19 and the better grades of butcher cattle also advanced somewhat. Stocker and feeder cattle prices continued

firm throughout October but weakened with the break in fat cattle during the first week of November. The feature of the fat cattle market during October was the strength of light weight yearlings contrasted with a gradual weakening of heavy weight steers. When the market weakened late in the month prices of yearlings declined but little and in the further decline in early November medium and heavy weights were most affected and the better grades of light yearlings were at a premium of from $1.00 to $1.50 a hundred over similar grades of heavy steers.

Week by week during October the receipts of cattle at seven leading markets were about the same as in the similar weeks in 1928 and the total for the month was 3 per cent smaller. The inspected slaughter during October, however, was 5 per cent larger than in October 1928 but 12 per cent below the 5-year October average. Receipts of choice beef steers at Chicago were about the same as in October a year ago but there was an increase of 80 per cent in supplies of good steers. Shipments of stockers and feeders from 12 markets into the seven leading feeding States in October were about 5 per cent larger than in October 1928, but total shipments for four months July to October, inclusive, were 12 per cent below last year.

Early in November the average price of choice steers at Chicago was over $2.00 a hundred lower than at the same time in either 1928 or 1927 and of good steers $1.00 lower. While the decline in October and November was partly seasonal it was also due in part to heavier supplies of cattle than a year ago both from feed lots and the western range. These supplies of western cattle apparently represented a late movement from areas where feed is short and where there was bad weather during the last week in October, and the movement from these areas may continue rather heavy for several weeks. This weakness of the market undoubtedly has caused considerable misgiving in the minds of cattle feeders as to the future. Shipments of stocker and feeder cattle do not point to any heavy supply of cattle in feed yards and there seems to be nothing in the situation to justify cattle feeders in rushing cattle to market in advance of the time they normally would have come and thus make worse a condition which may be only temporary.

LAMBS

While the level of lamb prices during the coming fed lamb season is quite uncertain, a seasonal advance before the close of the year is expected but it may not be as marked as usual. Supplies during this period are expected to be larger than last year, pelt values will be lower and consumer demand for lambs may not be quite as good.

The lamb market after making some recovery from the low point reached early in October continued fairly steady during the rest of the month. Fluctuations from week to week were small with the top on slaughter lambs around $13.25 at Chicago. Prices of feeder lambs were steady during most

of the month with top quotations on feeders above the top of killing lambs a considerable part of the time. During the week ended November 9 lamb prices weakened somewhat, but did not experience the sharp declines shown by cattle and hog prices, nor did they reach the low point of early October.

Supplies of sheep and lambs continued liberal during October. Receipts at seven leading markets were the same as in October 1928. Inspected slaughter was 3 per cent smaller but 14 per cent above the 5-year October average. Shipments of feeding lambs from markets into the seven leading Corn Belt feeding States were a little larger in October this year than last and for the four months period, July to October inclusive, were practically the same for the two years. Market comment indicates that the return movement of corn field fed lambs up to November 1 had been smaller this year than last. Lamb feeding in the western feeding areas will probably be on a somewhat larger scale this year than last

Total supplies of lambs from November 1 until the end of the fed season next spring will probably be larger this year than last. The demand for lambs during these months may not be as good as during the period a year earlier. The trend of prices will be influenced by the distribution of receipts. This distribution will be determined partly by the weight of feeding lambs and rapidity of gains, but largely by the attitude of feeders toward the future market.

WOOL

Domestic wool prices have made further declines on most grades in the past month but there has been a strengthening in the foreign market due to a withholding of offerings from the Australian wool sales. This reduces somewhat the margin which had become unusually wide between foreign and domestic prices. The stabilizing of foreign prices has increased the business in tops in European markets. Domestic consumption, while still above last year's level, declined during September. Wool production is now estimated to total about the same as last year for nine of the most important producing countries.

Declines on most grades of domestic wool at Boston amounted to one-half cent to 6 cents per pound during October, but for the week ended November 9 prices were stable except on 56s and some of the fine wools on which there were declines of one-half cent to 1.5 cents per pound. In general prices have been more stable for the coarser grades than for the finer grades. This has resulted in domestic prices for fine scoured wool very little higher than for medium scoured wool. On November 9, prices for strictly combing scoured territory wool ranged from 87 to 89 cents for 64s, 70s, 80s grade and 85 to 90 cents for 56s grade. On a grease basis, Ohio and similar wool of these lengths ranged from 36 to 37 cents on the fine grade and 44 to 45 cents on the 56s (3/8 blood) grade. Prices of Australian wools in bond at Boston, which declined immediately following the declines in the last London wool sales, held stable in October and so far in November. Prices of Montevideo and some Buenos Aires wools in bond at Boston declined 1 cent in October and 1 to 2 cents the first week in November. These prices for South American

wools represent the changed basis from those for a few sales of old wool to the prices received as the new clip comes to market. The United States farm price averaged 28.6 cents on October 15, compared with 29.0 cents a month earlier and 36.0 cents a year earlier.

Falling prices caused a holding off of one-third of the wool originally planned to have been offered at the Australian wool sales. This has strengthened prices abroad and appears to have helped the tops trade, as dealers previously were withholding their purchases as much as possible waiting for the bottom in wool prices. Prices of 64s tops at Bradford rose 4 cents per pound from October 4 to November 8 while 50s tops were a cent lower on October 25 and then recovered a cent by November 8. The strengthening of prices abroad and weakening of prices in the domestic market is a tendency toward a more normal relationship of differentials. It appears, however, that the adjustment has not gone very far yet, especially in the case of medium grades of wool, on which the differentials were most extreme. A lower rate of business activity, which would adversely affect domestic demand, could be expected to lower the domestic prices relative to foreign prices considerably.

As was to be expected from the increased domestic clip and slowness of movement, receipts at Boston have not fallen off as fast as they did a year ago, and recently they have been about twice as high as last year. From January 1 to November 2, they totaled 189 million pounds compared with 194 million last year and 213 million in 1927. Imports of combing and clothing wool were one-half million pounds greater than last year for the month of September and 10 million pounds greater for the period January 1 to September 30.

Demand from domestic mills was poor during most of October, the best business coming in the middle of the month when prices fell. Domestic consumption of all wool amounted to 44.4 million pounds in September 1929 as compared with 37.5 million in September 1928. While consumption was still considerably above last year's levels, the decrease from August to September amounted to 2.4 million pounds this year compared with 1.6 million last year, and for combing and clothing wool there was a decrease of 1.8 million pounds this year to be compared with an increase of one-half million pounds last year.

A study of domestic consumption of foreign and domestic wools by grades explains in considerable part the relatively high levels for medium grade wools. For the period January through September domestic consumption of 64s, 70s, 80s wool increased 22.8 million pounds or 27.3 per cent over last year whereas consumption of 56s wool increased only 5.3 million pounds or 11.8 per cent. In the fine grades the consumption of domestic wool amounted to 88.6 per cent and increased 23.4 million pounds, whereas the consumption of foreign wool decreased six-tenths of a million pounds. In the 56s grade, however, consumption of domestic wool amounted to only 78.3 per cent, a decrease of three-tenths of a million pounds, and consumption of foreign wools increased 5.7 million pounds. In other words, domestic mills consume a larger proportion of foreign wools of the medium grades

than of the fine grades, and this difference is becoming more accentuated. The effect is of course to keep medium wools on a more definite import basis. The comparatively low prices for fine wools also are a primary cause of the greater increase in consumption of these grades.

European markets for tops have generally improved with the stabilization of raw wool prices abroad and some improvement in the wool textile industry appears to have occurred, especially in France. It is doubtful if European business conditions are such that material improvement in most other countries will occur immediately, however.

Receipts of wool into store in Australia for the first three months of the new season aggregated 287,000,000 pounds, a decrease of 8 per cent, compared with last season. Disposals for the same period were 13 per cent greater at 61,000,000 pounds while stocks on hand on October 1 were 12 per cent less. It is too early in the season in Argentina to tell much about conditions as the export season in that country only begins on October 1. Receipts into the Central Produce Market, Buenos Aires from July 1 to October 3 were 1,647,000 pounds, a decrease of 10 per cent compared with the same period last year.

Wool production in nine countries 1/ which usually produce about three-fourths of the world's clip, exclusive of Russia and China, is now estimated at 2,467,000,000 pounds or approximately the same as the large clip of 1928. These countries produce the bulk of the world's combing and clothing wool. Supplies for this season therefore, including production and the carryover in primary markets, are estimated at about 1.5 per cent above the preceding season.

Since our October report, estimates have become available for the two principal South American countries. These show a 4 per cent decrease in Argentina to 330,000,000 pounds and an 8 per cent increase in Uruguay to 150,000,000 pounds. The clip in these two principal South American wool growing countries is thus less than 1 per cent below last year, as the increase in one practically balances the decrease in the other. Of the nine countries mentioned, decreases are reported in Australia, Argentina, the United Kingdom, France and Germany and increases in the United States, Uruguay, New Zealand and the Union of South Africa. Although no estimate is as yet available for Canada which produced about 20,000,000 pounds in 1928, sheep returns for 1929 in two of the most important provinces, indicate an increase.

Stocks of wool on hand in the principal exporting countries 2/ of the Southern Hemisphere, except Uruguay, at the beginning of the 1929-30 season are estimated at 76,000,000 pounds against 55,000,000 at the beginning of last season, an increase of about 38 per cent. These stocks,

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1/ United States, United Kingdom, France, Germany, Argentina, Uruguay, Australia, New Zealand, Union of South Africa.
2/ Australia, Argentina, New Zealand and Union of South Africa.

however, constitute a very small percentage of the total amount of 1,800,000,000 pounds available from these countries in 1928. Stocks of wool in Uruguay at the end of August were estimated at 8,928,000 pounds. No estimate is as yet available for the end of the season, i.e., September 30, nor is there a comparable one for last year, although stocks were reported as low a year ago.

COTTON

Cotton prices had a downward trend from the first of September well into November, reaching a low point for the season to date on November 12. The total supply of American cotton for the present season is now indicated to be about the same as that for last season, the increase in production appearing to be offset by a decrease in the carryover. For the first month since January exports have been greater than those for corresponding months last year, and there appears to have been some improvement in European demand conditions, especially in France. Domestic consumption is materially above the level of last year, but the sales of cotton goods have declined and the production of cotton cloth was slightly lower in October than in September.

Cotton prices at the ten spot markets declined from 18.68 cents per pound on September 3 to 16.18 cents on November 12. For the month of October it averaged 17.62 cents, or .39 cents under September and .84 cents under October 1928 and 1.05 cents under the average for the 1928-29 season. The price received by producers was 17.5 cents on October 15, compared with 18.2 on September 15 and 18.1 on October 15, 1928.

The Crop Reporting Board's November forecast is for a cotton crop of 15,009,000 bales. This is 94,000 bales, or 0.6 of 1 per cent larger than last month's forecast, and is 531,000 bales above last year's production. As noted in previous reports, the increase in production this year is slightly more than offset by a decrease in the world carryover of American cotton, so that the total supply now indicated for this year is not materially different from that for last year. In the past year the larger supply and comparatively lower prices of Indian cotton resulted in its being used to a greater extent in place of American cotton. The visible supply of Indian cotton appears to be slightly greater now than it was a year ago and the discount under American middling at Liverpool is about the same as it was a year ago, according to the Commercial and Financial Chronicle. Up to the first of October, 20,812,000 acres had been planted to cotton in India as against 21,700,000 acres to the same date in 1928.

Stocks of American cotton in European ports and afloat for Europe on November 1 were approximately 200 thousand bales smaller than on the same date last year, but stocks at United States ports and interior towns were 541 thousand bales greater, reports the Chronicle. Stocks held by mills in the United States on November 1 amounted to 1,254,000 bales, compared with 1,129,000 a year ago, according to the Bureau of the Census. The accumulation of stocks at ports and interior towns is the result of larger receipts not having as yet been completely offset by movement to

mills and export markets. Exports for the season to November 1 totaled 2,203,194 bales compared with 2,303,282 in the same period of 1928. Exports for October amounted to 1,251,300 bales, compared with 1,240,700 for October 1928. Reports of the Bureau of the Census show that American mills have taken 1,982,000 bales of domestic cotton for the present season to November 1, compared with 1,681,000 bales a year earlier, and that in October they took 1,193,000 bales compared with 1,073,000 bales in October 1928, which was the peak month last season.

Domestic consumption of all cotton reached the very high October level of 641,000 bales compared with 546,000 in September and 616,000 for October 1928. It should be noted that consumption for October last year was high due to recovery from the low level of 492,000 bales consumption for September 1928. For the season to November 1, consumption has been 110,000 bales greater this year than last.

There appears to have been some improvement in sales of cotton goods in Europe and the demand for raw cotton has increased. The cotton and textile trades are most active in France, but at least the seasonal increases have occurred in Germany also. Although demand for raw cotton is reported to have improved in Great Britain, recent declines in raw cotton prices are said to have temporarily affected the cloth trade adversely, and stringent money conditions and present silver exchange rates are making trade with the Orient difficult. Cotton yarn and cloth production is still at a high level in Japan and increased during September, but exports have declined. The Chinese cotton textile trade has been affected by civil difficulties and present low prices for native cottons and exchange rates are causing a continued shift toward the production of low count yarns from Chinese cotton.

Production of cotton goods in four weeks of October by mills reporting to the Association of Cotton Textile Manufacturers amounted to 283 million yards or 3 million less than for the four weeks of September and 2 million yards under October last year. Sales totaled 222 million yards, 149 million or 40 per cent under September. Stocks are of moderate size, however, and except for September, unfilled orders are still higher than for any month since April.

BUTTER

Some advance from the present unusually low prices of butter is to be expected although the present temporary situation may carry prices somewhat lower before the advance begins. The rise is not likely to be rapid because of the heavy cold storage holdings. Prices for the remainder of the year will probably be even further below the level of those a year ago than they were in October.

The price of 92 score butter in New York averaged 45.6 cents for the month of October which was 0.6 cents below the average for September, 2.2 cents below the average price in October 1928, and was the lowest October average price since 1924. The price was 46.5 cents on October 1, fluctuated

around 46 cents until October 19, and around 45 cents until October 28, and declined to 42.5 cents on October 30. The price on November 12 was 42.0 cents.

The decline was due in part to the improvement in production conditions during October which resulted in somewhat larger production and receipts relative to a year ago than was expected, failure of cold storage holdings to reduce as rapidly as anticipated and the uncertain outlook resulting from the drastic decline in the stock market.

Farm prices of butterfat on October 15 were lower in practically all States than on October 15, 1928. Farm prices in the principal producing regions advanced slightly relative to prices in the rest of the country. For the country as a whole prices averaged 1.4 cents below those of a year ago, while in Minnesota, Iowa, and Wisconsin they were 2 cents below those of a year ago. The average farm price for the United States was 1 cent above September 15, 1929.

Receipts at the four principal markets were 48,753,000 pounds compared with 46,902,000 pounds in October 1928. Cold storage holdings on November 1 were 138,524,000 pounds compared with 105,811,000 pounds on November 1, 1928 and 111,059,000 pounds for the 5-year average. Cold storage holdings on November 1 were 124.5 per cent of the 5-year average while on October 1 they were 116.6 per cent of the 5-year average. The decrease in cold storage holdings during October was 20,217,000 pounds or 12.75 per cent of the October 1 holdings, compared with an average decrease of 16.9 per cent for the past five years.

Conditions affecting production improved somewhat during October and were reflected in a larger production relative to a year ago than in September and early October in the reports of two of the important butter producing associations. At present levels of prices, however, the butter-feed ratio is less favorable than a year ago and continues to indicate a somewhat smaller production this winter than last. Present butter prices are unusually low for this season of the year and advances from present levels are to be expected.

The extremely heavy storage holdings will, however, prevent any rapid rise in prices. Prices in November and December will very probably average further below prices of corresponding periods a year ago than was the case in October. Present low prices will undoubtedly increase the consumption of butter and since prices are likely to remain comparatively low for some time the existing surplus should disappear during the next few months. If the prospective lower production during the winter materializes the market situation will improve considerably during the latter part of the winter with prices well above present levels.

EGGS

Egg prices should reach a peak this month and, though declining, should remain relatively high during December and January due to low storage holdings and small receipts. The course of prices will probably be somewhat similar to that of 1927 when fresh extras at New York averaged 58 cents in November, 53 cents in December, and 50 cents in January. Good weather with early production would hasten the decline, while bad weather with delayed transportation would cause temporary rises.

The prices of the better grades of fresh eggs at New York showed less than the normal seasonal rise during October due largely to competition from storage eggs. Fresh extras, after a slight decline and subsequent recovery, averaged 46.8 cents, or 3.5 cents more than in September, though 5 cents above October in 1928. Nearby closely selected extras and Pacific Coast eggs losing their gain to average 64.7 cents. Since November 1, prices of both middle western and Pacific Coast eggs have risen rapidly.

October receipts at the four markets were 686 thousand cases or 7.5 per cent less than last year when they amounted to 742 thousand, and about the same as the 5-year average of 681 thousand. The greater number of poultry reported on farms indicates that when receipts begin to make their seasonal increase in December they will be larger than last year.

Storage holdings on November 1 were 4,951 thousand cases as compared with 6,247 thousand last year and a 5-year average of 5,842 thousand. In 1927 storage holdings were 5,485 thousand cases on November 1, and 2,956 thousand on December 1 and 882 thousand on January 1, 1928.

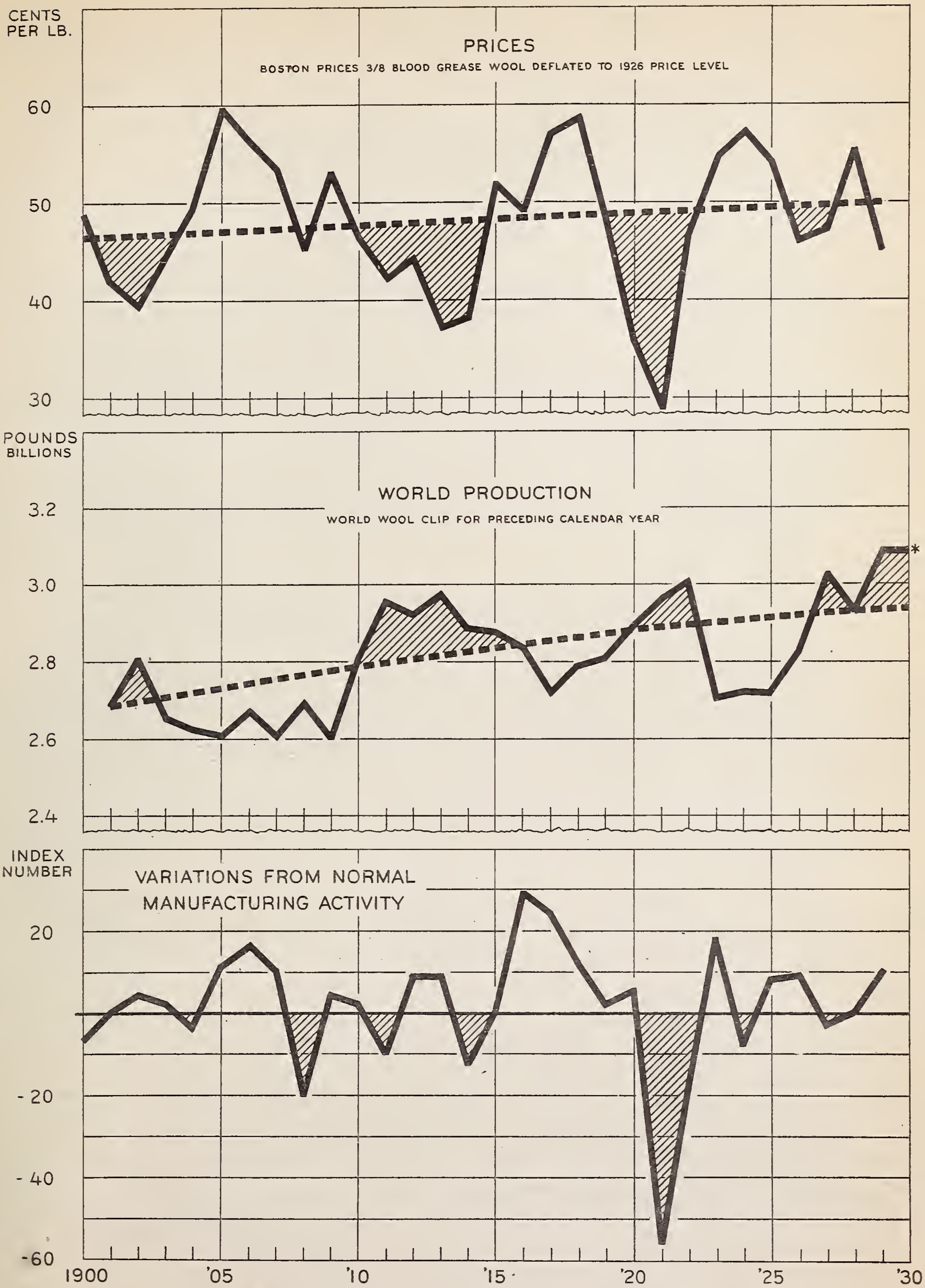
POULTRY

The present seasonal decline in poultry prices may be expected to continue until the end of the year when the peak of receipts will have been passed. The prospect of continuing heavier receipts this year indicate that prices will remain below the level of last year.

Prices of fresh killed poultry at New York made the usual declines for the month, but on a lower level than last year. Tops quotations on roasters averaged 33 cents, 7 cents less than last month and 4 cents less than in October 1928. Fowls averaged 30.5, a drop of about a cent, and about a cent less than the price last year. The farm price of chickens on October 15 was 21.5 cents, a decline of about a cent for the month. The farm price last year was 22.0 cents.

Receipts of dressed poultry at the four markets totaled 37.3 million pounds for October, 2.1 million more than a year ago and 7.5 million more than the 5-year average. Receipts probably will continue heavier than last year. Cold storage holdings, which have been increasing more rapidly than last year, were 86.9 million pounds on November 1 as compared with 58.1 million a year ago and 56.8 for the 5-year average.

Domestic Wool Prices, World Wool Production and Domestic Business Conditions



NOTE: LOW PRICES AND CONDITIONS CONDUCIVE TO LOW PRICES ARE SHADED
* 1929 ESTIMATE BASED ON REPORTS FROM 9 COUNTRIES

U.S. DEPARTMENT OF AGRICULTURE

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THE PRICE SITUATION, DECEMBER, 1929

FARM PRICES

The general average of prices received by producers declined 4 points between October 15 and November 15 and 7 points since August, reaching 136 or a level only 2 points above that of last year. This decline coincided with the severe break in stock prices. Since November 15, as a result of some recovery in grain, cotton and livestock prices, and further advances in egg prices, the level of prices received by producers is somewhat higher than at the low point of November 15 but it is still below the average for October. The general level of farm prices will probably be sustained during the next few weeks above the low level of November 15 but below that of September and October.

THE GENERAL COMMODITY PRICE LEVEL

The general average of commodity prices at wholesale markets reached the lowest point of the year during the last week of November, but a moderate recovery in agricultural prices since November 15 has restored the general level nearly to that of the first week of November. Nonagricultural prices have continued downward. Agricultural prices may remain above their recent low levels and tend to check the decline in the general level of commodity prices.

The continuous decline in commodity prices since last July, accelerated by the decline in industrial stock prices, caused the Annalist weekly index of wholesale prices to fall from 150 to 141 by the last week of November. During this period agricultrual prices declined about 12 points but remained above the low level of last May while nonagricultural prices declined 7 points to the lowest level of the year. The recent slight recovery in the general average to 143 on December 3 was due entirely to a 3 point advance in farm and food products. Textile product prices continued their downward trend throughout November, averaging 142 on December 3, or 4 points below the level of the first week of November. Metal prices continued their downward tendency of the past six months, but building material prices showed a slight improvement, reflecting possibly the anticipated recovery in building activity.

BUSINESS CONDITIONS

The further decline in business activity in November was reflected in a curtailment of production and employment in the key industries, a continued low level of construction work and a declining volume of freight movements. Although there is little evidence pointing to any immediate change in the trend of industrial activity the sustained agricultural purchasing power, the availability of credit at lower interest rates, and organized efforts to expand building activity and construction work are generally expected to prevent the present business recession from becoming great enough to result in a serious curtailment of domestic buying power.

November witnessed a further reduction in steel plant operations to a level considerably below that of last year, and pig iron output was sharply curtailed. Automobile production and employment was reduced to a level below that of 1928. These downward shifts in basic industries, together with curtailment in textile production and a further reduction in building activity has resulted in a volume of freight traffic below that of last year. They are also reflected in a reduction in factory employment and payrolls which in recent months have been below the level of last spring and in October, the latest month for which data are available, they declined below the September level, this being contrary to the usual seasonal increase.

The chief tendencies in financial activity during November were a reduction in bank loans on securities and an increase in bank investments. The Federal Reserve Banks further increased their holdings of Government securities but this was more than offset by a reduction in acceptances so that there has been a net reduction in the outstanding credit of the Federal Reserve Banks. Interest rates continued to decline during the month. Industrial stock prices made a partial recovery from the low point reached on November 13. At the present time representative stock prices appear to be about 20 per cent higher than the recent low level, having recovered approximately one-fourth of the loss from September 3 to November 13, according to the Dow-Jones index.

WHEAT

The advance in cash wheat prices forecast a month ago is under way and probably will continue for some time yet. Large available supplies in the United States, however, tend to hold in check marked advances in prices, and any such marked advance as recently experienced is likely to be followed by a recession. The expected reductions in Southern Hemisphere crops have been confirmed by recent reports. Southern Hemisphere shipments have declined. The congestions in Continental European markets are disappearing and the European demand for overseas wheat is beginning to show some evidences of increasing.

The farm price of wheat as of the middle of November averaged 103.4 cents per bushel as compared with 111.5 in October and 97.1 in November a year ago. Cash wheat prices rose in the latter half of November and farm prices for December probably will average higher than in November.

The average of all classes and grades of wheat at six markets declined from 128 cents per bushel the week ended October 11 to 115 the week ended November 15. Apparently this drop was due mainly to the crash in the stock market, and within three weeks this decline had been recovered. The average for the first week of December was 130 cents per bushel. As stated as probable last month, this marked rise has been followed by some recession.

The world's supply situation has not changed materially. Weather conditions indicate that the Argentine crop may not exceed 175 million bushels, as compared with 340 million bushels harvested last year. Some private estimates place the crop somewhat higher, but the most optimistic estimates are only slightly over 200 million bushels. The further reduction in the estimate of the Argentine crop, however, is offset by increases in estimates of some of the European crops, so that the world total still seems to be about 530 million bushels less than last year, and the supply 360 million bushels less.

Smaller shipments from the Southern Hemisphere have reduced the amounts of wheat afloat below a normal level. The stocks at foreign ports are being reduced. The European demand for overseas wheat is improving. During the next few months the bulk of supplies will have to be taken from the United States and Canadian supplies at eastern points. The visible supply in the United States is diminishing, having declined 10 million bushels in November. A large volume of wheat remains in the United States to be moved, but competition from Australia and Argentina in the next two months will be much less than usual, the exportable surplus of these countries taken together amounting to only about half that of last year.

The probable average prices for the season for the different classes of wheat were indicated last month. Recovery in the past few weeks brought prices back about on a level with the average for the season to date. Some further increase is to be expected with an increase in the foreign demand for wheat from the United States in January and February.

After February the course of prices will be affected to some extent by the outlook for the 1930 crop. In this connection it may be noted that the autumn rainfall in Canada has been so light as to make unlikely a more than average crop of spring wheat in the Prairie Provinces. Drought has been unfavorable to the wheat crop in the far northwestern part of the United States. Prospects for heavy winter killing would tend to maintain wheat prices in the United States on a high level through March, April and May, but normal or less than normal winter killing probably would result in some decline in prices toward the end of the season.

CORN

Cash corn prices during the next month or six weeks are expected to show a general upward trend, but the market will probably be very sensitive to the volume of receipts and prices may be temporarily depressed as a result. If a considerable improvement in prices takes place by the end of January,

no marked further rise is to be expected during the late winter and spring unless the feeding demand in the United States turns out to be greater than is now expected or unless the crop in Argentina should be very short.

The United States average farm price as of November 15 was 81.0 cents per bushel compared with 91.9 cents a month before and 75.4 cents per bushel for November 1928. Prices of cash corn at the terminal markets were also lower during November as a result of the shift to the new crop basis, No. 3 yellow at Chicago averaging 87.6 cents per bushel against 94.5 cents the previous month and 84.4 cents for November 1928. Just prior to the middle of November there was a sharp decline which carried cash prices to the lowest levels they have reached since last May. For the week ended November 15, No. 3 yellow at Chicago averaged 85.1 cents per bushel. This was followed by a rapid recovery to 91.9 cents for the following week, but prices did not hold at that level, averaging 87.1 cents for the week ended November 29 and 87.9 cents per bushel for the week ended December 6.

The November estimate of the Crop Reporting Board placed the crop of the United States at 2,621 million bushels, indicating it to be the smallest crop since that of 1924 when 2,309 million bushels were harvested. This year's crop is about 7.7 per cent less than that of last year and 5.5 per cent smaller than the crop of 1927. The total apparent supply as of November 1 for this year (including the stocks of old corn on farms, commercial stocks of domestic grain, and the new crop) amounts to 2,702 million bushels compared with 2,891 million in 1928 and 2,898 million bushels in 1927.

The price of corn in the different markets is dependent upon the distribution of the corn crop as well as upon the size of the crop in the entire United States. This year the crop is especially short in the southwestern part of the Corn Belt and prices at Kansas City are higher than usual as compared with those at Chicago. The price of corn at Chicago is more closely related to the size of the crop in the Corn Belt States near Chicago than it is to the size of the crop in the entire United States. The production of corn in the six principal producing States (that is Ohio, Indiana, Illinois, Iowa, Missouri and Nebraska) is estimated at 1,365 million bushels this year against 1,532 million in 1928 and 1,343 million in 1927. Total farm supplies in these six States, including stocks of old corn on farms and the new crop amount to 1,412 million bushels this year compared with 1,558 million last year and 1,418 million bushels in 1927.

Prices of corn are also dependent, especially in the latter part of the season, upon the demand for corn. Variations from year to year in the demand for United States corn are largely due to changes in the number of hogs to be fed. They are also partly due to a number of other factors, including changes in the size of other feed crops in the United States and variations in the size of the principal feed crops in other countries of the world. Indications now point to a somewhat smaller demand for United States corn during the coming season than during the past two seasons. The number of hogs to be fed this year appears to be less than last year and while other feed crops are in relatively short supply, the corn crop of Europe appears to be nearly twice as large as that of last year.

The corn price outlook may be changed somewhat by information given in the December crop report. However, crop information as of November 1 and

market conditions at the present time suggest that during the next six months the price of corn at Chicago will average somewhat higher than during the corresponding months of 1928-29 and close to the average for December to May 1927-28. For the period December to May 1927-28, No. 3 yellow corn at Chicago averaged 97.0 cents per bushel.

Though the average may be about the same, the course of prices during the current season is not expected to follow that of 1927-28. At the present time corn prices, especially at Chicago, appear to be depressed by the shortage of storage space. The easing of the storage situation, especially if it is accompanied by full confirmation of the November estimates of a short crop, is likely to result in further improvement in prices during the remainder of December or in January. If a considerable improvement in prices takes place by the end of January, no marked rise is to be expected during the late winter and spring of this year such as occurred in 1927-28 (see attached figure), because neither an increasing feeding demand nor a strong export demand is in prospect for the current season. It should be borne in mind, however, that there is some uncertainty as to how great the feeding demand will be during the coming year, and any material change in feeding prospects may affect the outlook for prices.

RICE

Southern rice prices have tended upward during the past two weeks and conditions indicate that this rise will continue. The increase probably will not be very marked for the remainder of this month nor for the first part of January, but by February the upward trend in prices should be much greater.

Receipts of rough rice have fallen off materially during the past month, but mills continue to have relatively large holdings from the excessive early season marketings. The fact that a less than normal percentage of the crop remains in the farmers hands has tended to strengthen prices.

The good quality of this year's crop has materially increased the mill outturn, thus making the year's supply of milled rice proportionately greater than the forecast in terms of rough rice would indicate. Not only is the clean supply greater than would have been the case with poorer milling quality, but the percentage of high grades to low is greater than under normal conditions. The probable effect of this situation on prices is to depress the price of fancy and extra fancy grades and to stimulate the prices of "brokens" and "brewers" grades. The fact that a part of the Arkansas crop was damaged by excessive rains will tend to offset a part of the effect of the good quality in Louisiana and Texas.

Exports and sales to Porto Rico as well as exports to other countries were exceptionally large for the first three months of the crop year. This condition, however, does not indicate that the foreign demand nor the Porto Rican demand will be greater this year than it was last. This abnormal buying in southern markets probably can best be explained by the relatively low prices in those markets during the first months of the crop year and consequently Porto Rican and foreign sales are likely to be subnormal for the latter part of the crop year.

That portion of American rice that is sold in foreign markets in competition with Oriental grown rices will probably suffer for the remainder of the year because large crops have been reported for Siam, Indo-China and Burma. The prices of Oriental rices on the London market have gone down considerably during the past few weeks, whereas Blue Rose prices have changed very little.

The forecast for this year for California is 171 million pounds as compared to a 224 million pound crop harvested last year. This relatively small crop will tend to improve prices later on in the crop year. Another factor which should under normal conditions bring about better prices for California rice is the decline in production in Japan from 19 billion pounds last year to 18-1/3 billion forecast for this year. If, however, the reported large yields in southeastern Asia materialize, California will probably sell very little head rice in Japan this year. The large yields of Italy and Spain will tend to cut down California exports to European markets. These depressing factors, however, will probably be more than counteracted by the relatively short supply in California and the increase in Blue Rose prices.

POTATOES

The farm price of potatoes for the country averaged $1.35 per bushel on November 15 compared with $1.38 on October 15 and 57 cents a year ago. This general stability in the potato price situation appears also in the central market prices for November, which averaged only about 2 per cent below the October prices but considerably above last year's level.

The present levels of potato prices of $1.35 per bushel at the farm, $3.08 per 100 pounds at New York and $2.57 at Chicago are approximately equal to those which prevailed in November of 1926 when the production in the 35 late producing States was only three million bushels greater than the present estimate of 323 million bushels. In November of that year the respective farm and market prices were $1.41 per bushel, $2.99 at New York and $2.65 per hundred pounds at Chicago.

Marketings of potatoes in the past two months appear to have been light in relation to the size of the crop, if measured only by reported car-lot shipments. The shipments for November of 15,300 cars were smaller than those in any November of the past ten years. The significance of these light shipments is uncertain in view of the increasing volume of potatoes marketed by truck. If they are taken as indicating that shippers are withholding potatoes from the central markets in anticipation of better prices, they would suggest a relatively larger volume of marketings later in the season. Prices might in consequence fail to show the generally expected higher level after the turn of the year. So far the steady price situation resembles that of 1926 when the farm price for the country as a whole remained around $1.40 per bushel through January and then declined to about $1.25 in March and April with a recovery thereafter. The prospect this season for somewhat higher prices after January than those now prevailing will depend largely on whether the merchantable stocks on January 1 will be less than the 82 million bushels on January 1 in the 1926 season. Another factor may be the marketings of early potatoes from the South where expressed intentions to plant point to an

acreage increase of 12 per cent above the reduced acreage of 1929. It should be borne in mind, that yields in the Southern States have been unusually high for the past three years, due to wet seasons, a continuation of which would be quite unusual.

TOBACCO

The most significant changes in the tobacco price situation since November 15 are in types 51 and 52 of the cigar binder class grown in the Connecticut Valley and in type 41 of the cigar filler class grown in Pennsylvania. The proportion of Havana Seed and Broadleaf suitable for binder grades is considerably larger and that going into the lower grades correspondingly smaller than appeared probable a month ago. More than 80 per cent of these types was sold by growers prior to December 15 at prices averaging more than 5 cents per pound higher than last year. The proportion of the Pennsylvania crop going into the grades used for cigar fillers is slightly larger and that going into the lower grades correspondingly smaller than appeared probable last month. Prices for tobacco of this type sold prior to December 15 have averaged higher than last year but comparatively few growers have sold.

The following shows the average season's prices on local markets for the 1927 and 1928 seasons and the probable changes in 1929 compared with 1928.

Class and type	Type	Average season's price per pound 1927	1928	Probable change in price this season compared with last
		Cents	Cents	
Flue-cured:				
North central N. C. and Va. ..	11	21.2	18.1	Little change
Eastern N. C.	12	22.4	20.6	Little change
Fire-cured:				
Virginia	21	9.9	10.6	Higher
Clarksville and Hopkinsville .	22	18.5	16.2	Slightly lower
Paducah	23	12.2	12.7	Slightly lower
Henderson	24	9.7	12.0	Little change
Light air-cured:				
Burley	31	26.0	30.3	Lower
Maryland	32	22.8	22.0	Slightly higher
Dark air-cured:				
One-sucker	35	10.6	12.2	Slightly lower
Green River	36	9.1	11.6	Little change
Virginia Sun-cured	37	13.1	10.1	Slightly higher
Cigar filler:				
Pennsylvania	41	13.0	14.0	Slightly higher
Miami Valley	42-43-44	15.6	17.5	Little change
Cigar binder:				
Connecticut Valley Broadleaf .	51	21.0	21.0	Higher
Connecticut Valley Havana Seed	52	23.4	24.0	Higher
Wisconsin	54-55	16.0	14.5	Little change

In the last column to the right above by "little change" is meant an average season's price not more than 8 per cent higher or lower than that of last year; by "slightly higher" or "slightly lower" is meant an average price from 8 to 20 per cent higher or lower than last year and by "higher" or "lower" is meant an average price more than 20 per cent higher or lower than last year.

The marketing season is over for types 13 and 14 of the flue-cured class. The average season's price for Type 13 grown in South Carolina and Southeastern North Carolina was 16.2 cents per pound, compared with 13.6 cents in 1928 and 20.5 cents in 1927. The average season's price for Type 14 grown in Georgia and Florida was 18.4 cents per pound compared with 12.8 cents in 1928 and 18.9 cents in 1927.

COTTON

After reaching a low point on November 12 as the stock market did on November 13, cotton prices made a slight recovery and since then have held about steady. The December crop estimate placed production at 14,919,000 bales, so that the total supply of American cotton for the season is slightly less than last year and 1,400,000 bales less than two years ago. Cotton consumption in the United States has been running high until November when there was a decline, but sales of cotton textiles are reported to have been low in both October and November. Except for the month of October, cotton exports have not been running as high this season as last, although there appears to have been some improvement in the cotton textile trade of Germany.

Cotton prices ended their decline on November 12 when the average at the ten spot markets reached 16.18 cents per pound, a decline of 2.5 cents from the price of September 3. Thereafter there was a recovery of about one-half to three-quarters of a cent per pound and prices have held fairly steady since then. The price received by producers averaged 16.2 cents per pound on November 15 compared with 17.5 cents on October 15 and 17.8 cents in November 1928.

The December estimate of the Crop Reporting Board placed cotton production at 14,919,000 bales compared with the October forecast of 14,915,000 bales, the November forecast of 15,009,000 bales and last year's production of 14,478,000 bales. The very stable crop prospects for this season are worth considering in connection with the material price decline which has occurred this fall. Furthermore, the reduction in carryover more than offsets this year's increase in production so that the total supply of American cotton for the season is approximately 200,000 bales below that for last year and 1,400,000 bales below that for 1927-28.

Exports of cotton in November again fell below those of the corresponding month for last year, being 1,049,000 bales in November 1929 as compared with 1,428,000 bales in November 1928. Exports for the season to December 1 are 379,000 bales below those for the same period of last year. France and Italy have taken more of our cotton for the season to date, while other countries have taken less. Stocks of American cotton in European ports and afloat

for Europe on December 6, as reported by the Commercial and Financial Chronicle, total 1,704,000 bales or about 389,000 bales less than last year. More than half of this decrease was in the amount of cotton afloat, indicating a recent falling off in exports. Our Agricultural Commissioner in Germany, however, reports that there has been some improvement in the continental European textile situation. A seasonal improvement in yarn and cloth sales continued practically all over the Continent and activity in spinning and weaving mills on the whole increased somewhat. The cotton textile situation in Germany improved and activity remained high in France and Italy, although in some of the more eastern European countries there appears not to have been much change. The cotton textile trade of Great Britain appears to be of moderate volume with sales apparently not as large as production. British exports of cotton piece goods totaled 284.0 million yards in November compared with 331.4 million in November 1928 and for the three month periods September through November they totaled 787 million this year compared with 964 million last year. Yarn exports for similar periods have amounted to 36.2 million pounds this year and 41.7 million last year. In Japan cotton textile production continued at its very high level through October but there are some evidences of an accumulation of stocks of goods and a slowing down in consumer demand. Our Agricultural Commissioner in the Orient, however, reported that Japanese stocks of American cotton were very low in November and that arrivals were promptly absorbed. He further reports that there is a growing tendency to use American cotton in place of other growths, except when price differentials are extreme. Civil difficulties hamper China's cotton textile trade.

Domestic cotton consumption was at a high level through October and for the season to December 1 totaled 45,000 bales more than for the corresponding period of last year. For the month of November, however, consumption declined, the total for the month amounting to 544,000 bales compared with 641,000 bales for October and 611,000 bales for November 1928. This decrease in consumption can be attributed to the decline in the cotton cloth production and trade. Weekly production of cotton textiles for November averaged 69 million yards as compared with 71 million for October, 72 million for September and 68 million for November 1928, as reported by the Association of Cotton Textile Manufacturers. Weekly average sales, as reported by the Association, fell from 93 million yards in September to 56 million in October and 44 million in November as compared with 75 million in November 1928. Sales for the month averaged 65 per cent of production.

WOOL

Lower domestic demand and the unusually wide difference between foreign and domestic wool prices have resulted in a further decline in prices in the domestic market in the past month. Following the withholding of 33-1/3 per cent of the amounts at first scheduled to be offered at the Australian sales, foreign wool prices rose, but recently there has been some weakening and foreign demand conditions appear not to have been greatly changed in the last month. World wool production is now estimated to be slightly greater than that of last year.

Domestic wools at Boston declined 1 to 3 cents a pound on a grease basis and 1 to 6.5 cents a pound on a scoured basis from November 2 to

December 7. Most of this decline took place during the first week of December. The greatest decline was on 56s (3/8 blood) strictly combing wool which fell 3 cents per pound grease basis and 6.5 cents per pound scoured basis. Fine wools declined 1 cent on a grease basis and 2.5 cents on a scoured basis. On December 7 strictly combing 56s wool sold at 41.5 cents grease and 64s, 70s, 80s scoured wool sold at 86 cents per pound. The farm price of wool on November 15 averaged 28.5 cents compared with 28.6 cents a month earlier and 35.9 on November 15, 1928. From November 2 to December 7 most New Zealand wools at Boston declined from 2 to 5.5 cents a pound but 56s to 58s declined 7.5 cents a pound and 58s fell 11 cents. Australian wools at Boston were mostly unchanged except 64s to 70s which were from 1.5 to 3.5 cents higher and 56s which were 1.5 cents lower. South American wools at Boston declined 1 to 3 cents a pound grease basis.

Prices at the Australian and London wool sales advanced considerably above the low levels of October but recently there has been some weakening. Continental markets for tops and noils were very active during the first half of November while prices were rising but recently there has been some decline in activity. As shown in the accompanying figures price changes to December 4 have narrowed the spread between foreign and domestic prices and the decline in domestic prices subsequent to December 4 would of course further reduce these margins.

Receipts of domestic wool at Boston during November were about one million pounds less than last year. This is the first month since June that receipts of domestic wool have been below those of corresponding months last year. Total receipts from January 1 to December 1, however, were only 197 million pounds or six million pounds less than last year and 23 million pounds less than in 1927.

Imports of combing and clothing wools are still above those of last year, being one million pounds greater for the month of October and 11 million pounds greater for the period January 1 to October 31. These larger imports have resulted from the active domestic demand and the wide margin of domestic over foreign prices so far this year. Domestic wool consumption through October was still on a high level, amounting to 59 million pounds grease basis compared with 50 million pounds in September and 51 million pounds in October 1928. The quantity of combing and clothing wool consumed during the month was the highest for any month since May 1923.

Wool production in ten countries which usually produced three-fourths of the world's clip exclusive of Russia and China is estimated to be about 2,488 million pounds or five million pounds greater than the large clip of last year. Supplies for this season including the carryover in primary markets are estimated at about 1.5 per cent greater than last year.

LAMBS

The level of lamb prices during the next few months will probably be below that of a year earlier, due to larger supplies, lower wool and pelt prices and a consumer demand no better than a year ago. A further seasonal

advance in prices is to be expected, if marketings are a normal proportion of the supply.

Lamb prices during November were steady and price fluctuations from day to day were relatively small. The top price on lambs at Chicago for most of the month was between $13.00 and $13.25 per hundred pounds. During the latter half of the month the tone of both the live and dressed lamb markets improved and this improvement has continued into December. Continued weakness in the wool and pelt markets however, tended to hold live lamb prices below a year ago.

Lamb supplies continued liberal during November. Receipts at seven leading markets were about the same as in November 1928, with inspected slaughter 2 per cent smaller but 13 per cent above the 5-year November average. Shipments of feeding lambs from 12 markets into the seven leading Corn Belt feeding States in November were relatively large being 22 per cent greater than in November 1928 and the largest for the month since 1922. The total of these shipments for the five months July to November, inclusive, was 3 per cent larger than last year. Lamb feeding in Colorado will be on a larger scale this year than last, and in other Western States the total will probably equal last year. Feeding conditions in northern Colorado during November were very unfavorable. Continued snow delayed the sugar beet harvest, and much of the beet top pasture was lost and other rough feed was unavailable. Because of the lighter weight of the lambs and the poor development to date, the marketings from Colorado feed lots will probably be later than usual. Corn field lambs in the Corn Belt have done fairly well and the quality is showing normal seasonal improvement.

Because of the larger supply of lambs on feed, lower wool prices and no better consumer demand than a year ago, the level of lamb prices for the next few months will probably be somewhat below a year ago. A further seasonal price advance during December is to be expected unless marketings during the month are disproportionately large.

CATTLE

The seasonal decline in cattle prices will probably continue for some time, but the amount of the decline and the date of the low point will be determined largely by how the winter supply of cattle is distributed.

Cattle prices continued their seasonal decline during November. The low point of the month was reached during the third week, with some recovery during the final week. A further price advance took place during the first two days of the first week in December, but most of this was lost by the end of the week. Heavy beef steers continued to show the most weakness with the rather marked price discrimination in favor of light yearlings maintained. Low grade cows declined to the lowest point in two years. In spite of the weakness in beef cattle the prices of stocker and feeder cattle were fairly well maintained only receding slightly from the October levels.

Compared with prices prevailing a year ago, prices about December 1 this year were lower on practically all kinds and grades of cattle. The

largest declines were in the prices of better grade beef steers; the average price of choice beef steers at Chicago was $2.15 lower than a year earlier and of good beef steers $1.40 lower.

Cattle supplies in November were large compared to other months of the year. Receipts at seven markets were 7 per cent larger than in November 1928, but 18 per cent below the 5-year November average. On the other hand inspected slaughter was 6 per cent smaller than in November 1928 and 17 per cent below the 5-year average. The smaller slaughter this year in view of the larger marketings was due to the heavy out-movement of stocker and feeder cattle. The shipments of such cattle from 12 markets into seven leading feeding States in November were nearly 50 per cent larger than in November 1928 and the third largest for the month in ten years. The big increase during November brought the total of these shipments to about the same number as last year for the five months July to November, inclusive.

Some further seasonal decline in the prices of beef cattle seems probable, the amount of the decline and the date of the low point being determined to a considerable extent by how the winter's supply of fed cattle is distributed. Present available information does not indicate that supplies of cattle will be any larger during the winter months, December to February, this year, than a year ago. Hence, from the point of view of supply, a level of prices fairly similar to those in the winter of 1928-29 could be expected.

At the low point of the 1928-29 season which came in February, prices of choice and good beef steers at Chicago were about $1.00 per hundred pounds below prices in early December of this season. Normally the decline in these grades from early December to the low point of the season is greater than $1.00 per hundred pounds.

HOGS

Hog slaughter in November was 1 per cent larger than in November 1928, and the largest for the month since 1924. The monthly average price at Chicago, however, was 2.6 per cent higher than in November last year. Since late October prices have been unusually steady and apparently the seasonal low for the winter was reached in the third week of November when the weekly average at Chicago got down to approximately $9.00. This is 50 cents above the low point registered last winter during the second week in December. Although October and November marketings were slightly larger than in those months last year, there are indications that December supplies will be smaller than a year ago. If a larger than normal proportion of the winter supply of hogs has been marketed early because of the unfavorable feeding relation between corn and hog prices, as now seems probable, there is reason to expect that supplies during the remainder of the winter will be smaller than a year earlier and that prices will become more favorable as the season advances.

Hog prices made little change during November, the weekly average at Chicago ranging from $9.02 to $9.11 and for the first week in December

was $9.19. The average for November was $9.06 as compared with $9.38 for October, and $8.83 in November last year.

Prices of fresh pork strengthened after the middle of November but declined to new seasonal lows during the first week in December. Current prices of fresh pork, however, are above the levels of a year ago. Prices of cured products also have been making a seasonal recession but with the exception of those on bacon, are slightly lower than the prices of a year ago.

Federally inspected slaughter of hogs in November was 1 per cent greater than in November 1928, and the largest for the month since 1924. The increase in numbers was offset by lower average weights as indicated by the weights of hogs received at the larger markets.

An unusually heavy movement of pork and lard from storage in October and November reduced the burdensome storage supplies of the early fall to more nearly normal levels on December 1. Stocks of pork in storage on December 1, amounting to 489 million pounds, were 5.8 per cent larger than those of a year earlier, and 17.3 per cent greater than the 5-year average for that date. Lard stocks, amounting to 68 million pounds, were about 1.4 per cent greater than a year ago, and 48.5 per cent larger than the 5-year average.

Exports of lard in October exceeded those of October 1928 by almost 11 million pounds, or 18 per cent and were 33 per cent larger than the 3-year average for the month. Exports of pork also showed an increase, being 75 per cent above those of October 1928 and 20 per cent greater than the 3-year average.

Apparently there has been some tendency to market hogs early this winter because the relationship between corn and hog prices has been unfavorable to hog feeding. Demand for hogs on the part of packers, however, has been well maintained and it now appears that the winter low point was established in late November at a level approximately 50 cents above the low of last winter. With supplies during the remainder of the winter indicated as being slightly less than in the same period of last winter, a normal seasonal advance in prices during January and February appears probable.

BUTTER

The extent of the seasonal decline in butter prices, which usually begins in January or February, depends largely upon the reduction in storage stocks by that time. If the excess in stocks above last year shows a material reduction in the next few months the present very wide margin between the prices this year ans last may be expected to narrow. No material increase in the price of butter is probable during the remainder of the winter.

The price of 92 score butter at New York was 45 cents on November 1, reached the low of the month at 40.5 cents on November 13 and then rose, being 43 cents on November 30. Subsequently prices again declined, reaching 39.5 cents on December 12. The average for November was 42.7 cents, which was

two-tenths of a cent below the average of November 1924 and the lowest November average since 1916. The average for November 1928 was 50.6 cents and the 5-year average 49.2 cents. The lower grades of butter have declined even more than 92 score, the margin between 92 and 87 score butter now being about 9.5 cents.

The farm price of butterfat in the North and South Atlantic States on November 15 was reported as little different from that on October 15. In the principal butter producing States, however, prices averaged about 2.5 cents below those of October 15 and about 4.0 cents below those of November 15, 1928. The decline in prices from October 15 was particularly marked in the States just west of the Mississippi River.

Receipts of butter at the four principal markets during November were 43,167,000 pounds compared with 40,927,000 pounds in November 1928 and 38,469,000 pounds for the 5-year average. Cold storage holdings on December 1 were 111,617,000 pounds compared with 70,985,000 pounds on December 1, 1928 and 78,835,000 pounds for the 5-year average. Cold storage holdings on December 1 were 141.6 per cent of the 5-year average while on November 1 they were 124.5 per cent of the 5-year average. The decrease in cold storage holdings during November was 26,788,000 pounds or 19.4 per cent of the November 1 holdings, compared with an average decrease of 38.3 per cent for the past five years. The excess of storage stocks over the corresponding periods of last year increased from 32,594,000 pounds on November 1 to 40,632,000 pounds on December 1.

Although the final figures are not yet available, November production appears to have been about equal to that of a year ago. The surplus in storage stocks has increased some 8,038,000 pounds during the month, and with prices averaging 10 cents below those of a year ago, this indicates a marked decrease in demand. With no marked improvement in business conditions probable during the winter months, no great increase in the demand for butter appears probable. If the low level of prices continues, however, there may be some shift from substitutes and increased use later as consumers become more fully aware of the cheapness of butter. Production in November relative to the preceding year usually indicates quite closely what production during the entire winter relative to the preceding winter will be. Production this November appears to be about equal to that of a year ago indicating a production this winter about equal to that of a year ago. The butter-feed ratio however, continues to indicate a tendency toward a slightly smaller production of butter this winter than last, although not so markedly as earlier in the season. The declines in the prices of farm grains on November 15 had increased the profitability of winter feeding materially as expressed by the butter-feed ratio over the situation in August and September. The present situation is, however, somewhat less favorable for heavy feeding than a year ago and much like 1927.

There appears to be little prospect for any material rise in prices during the remainder of the winter. Prices in January and February will depend largely upon the extent of the reduction of the storage surplus by that time. A marked reduction of the storage surplus by that time would probably lead to a less than usual seasonal decline in prices and result in prices more closely equalling those of last year than do the unusually low prices now existing.

EGGS

Egg prices probably will remain relatively strong during the next two months due to low storage holdings, although prices have now passed the seasonal peak. As stated last month, low storage stocks will probably cause prices to be about the same as two years ago when fresh extras at New York averaged 53 cents in December and 50 cents in January. Bad weather would cause temporary rises.

The prices of the better grades of fresh eggs at New York reached peaks during November and began the usual seasonal decline, though a rise occurred in the first week of December accompanying the cold weather. Fresh extras averaged 58 cents, 11 cents higher than last month, 5 cents higher than in 1928 and about the same as in 1927. Pacific Coast extras and nearby closely selected extras, declining from early high prices, averaged 65.0 and 65.7 respectively or about the same as last year.

Receipts at the four markets during November were 499 thousand cases, practically the same as last year and 5 per cent greater than the 5-year average of 476 thousand cases. From now until April or May receipts will make their seasonal increase which is likely to be greater than last year, due to a larger number of chickens on farms.

Storage holdings on December 1 were 2,630 thousand cases as compared with 3,542 thousand last year and a 5-year average of 3,320 thousand cases.

POULTRY

The present seasonal decline in poultry prices is likely to cease by the end of the year. A gradual rise may then be expected but the level of prices may continue to be lower than last year.

Prices of fresh killed poultry at New York made their usual decline in November, rising somewhat during the last ten days. Top quotations on roasters averaged 30.8 cents, about 2 cents less than last month, and 5 cents less than last year. Fowls averaged 28.9 cents, a cent and a half below both last month and last year. The farm price of chickens was 20.3 cents on November 15, compared with 21.5 cents a month ago and also 21.5 cents a year ago.

Receipts of dressed poultry at the four markets totaled 73.4 million pounds as compared with 59.8 in November 1928. Receipts since September 1 are about 20 million pounds, or nearly 15 per cent, more than for the same period last year. Accompanying these heavier receipts are larger storage stocks. There were 115.8 million pounds of frozen poultry in storage on December 1 as compared with 79.2 million pounds a year ago and a 5-year average of 89.1 million pounds.

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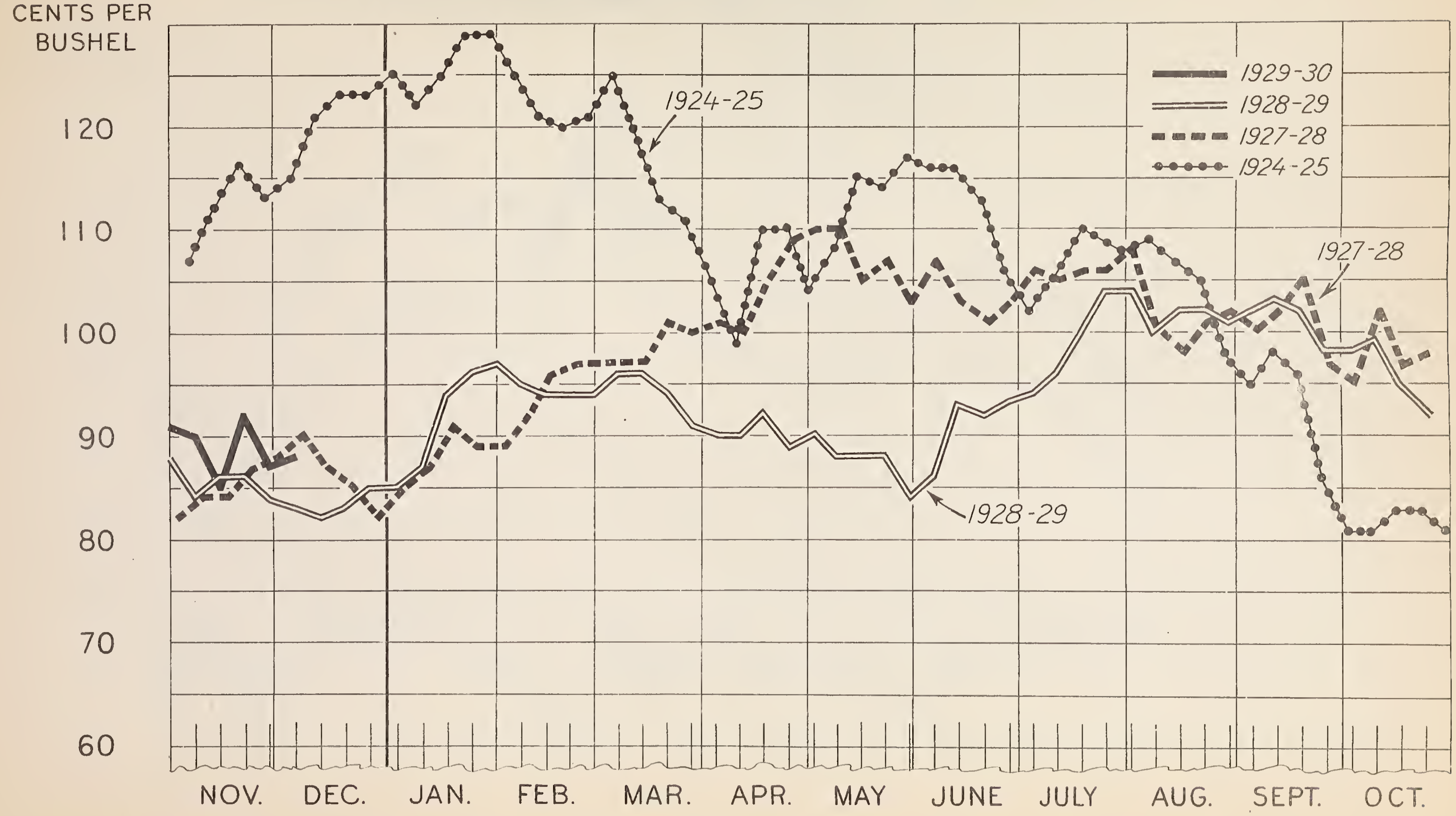
CORN: PRICE OF NO. 3 YELLOW AT CHICAGO
1924-25, 1927-28, 1928-29, and 1929-30



U.S. DEPARTMENT OF AGRICULTURE

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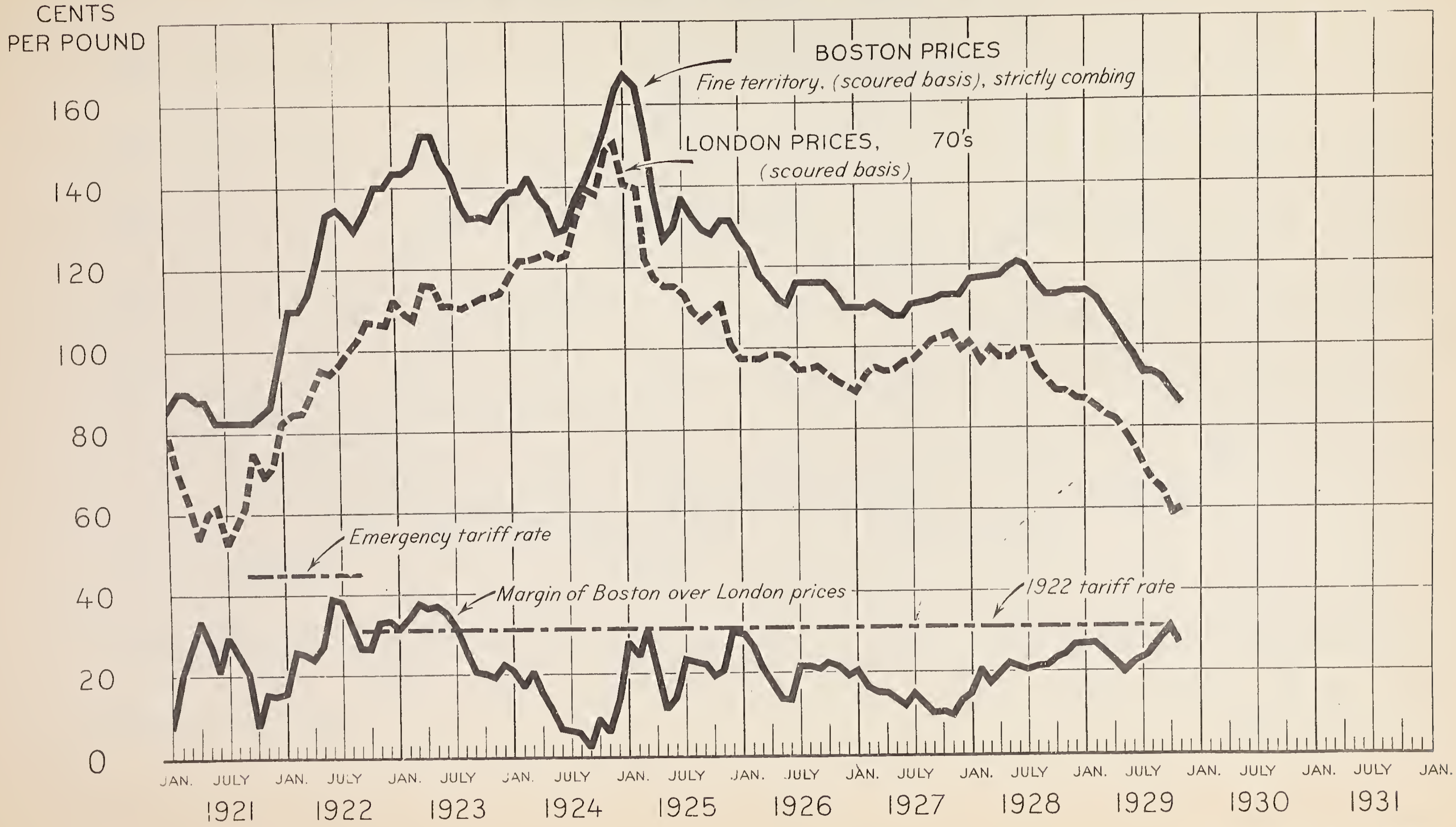
PRICES FOR FINE GRADES OF WOOL IN BOSTON AND LONDON AND DIFFERENCES BETWEEN THESE PRICES 1921 TO DATE



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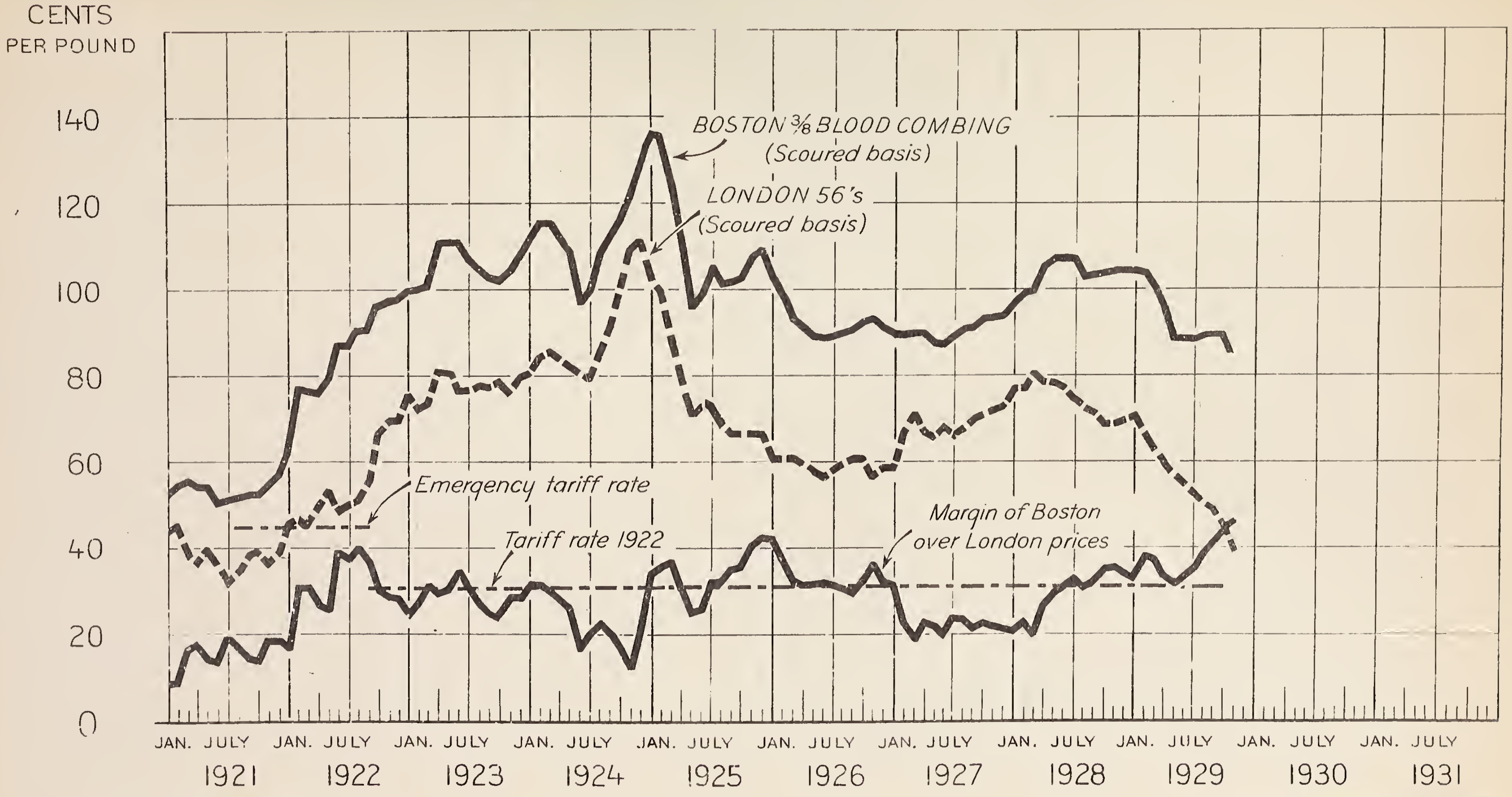
PRICES FOR MEDIUM GRADES OF WOOL IN BOSTON AND LONDON AND DIFFERENCES BETWEEN THESE PRICES



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